

Cable Franchise Agreement

by and between

Loudoun County, Virginia

and

Verizon Virginia Inc.

**Approved by the Loudoun County Board
of Supervisors on June 20, 2006**

*Copy of Signed Original - Original Delivered to Jim Barnes
Public Information Office 6/27/06*

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THIS CABLE FRANCHISE AGREEMENT (the "Franchise" or "Agreement") is entered into by and between Loudoun County, a duly organized county under the applicable laws of the Commonwealth of Virginia (the "County") and Verizon Virginia Inc., corporation duly organized under the applicable laws of the Commonwealth of Virginia (the "Franchisee").

WHEREAS, Franchisee has requested and the County wishes to grant Franchisee a nonexclusive franchise to construct, install, maintain, extend and operate a cable communications system in the Franchise Area as designated in this Franchise;

WHEREAS, the County is a "franchising authority" in accordance with Title VI of the Communications Act (*see* 47 U.S.C. §522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to the Code of Virginia, Va. Code Ann. § 15.2-2108 and the Loudoun County Ordinance on Cable Television Franchising and Regulation, Chapter 805 of the Loudoun County Codified Ordinances ("Cable Ordinance");

WHEREAS, Franchisee is in the process of installing a Fiber to the Premise Telecommunications Network ("FTTP Network") in the Franchise Area for the transmission of Non-Cable Services pursuant to authority granted by the Commonwealth of Virginia;

WHEREAS, the FTTP Network will occupy the Public Rights-of-Way within the County, and Franchisee desires to use portions of the FTTP Network once installed to provide Cable Services (as hereinafter defined) in the Franchise Area;

WHEREAS, the County has identified the future cable-related needs and interests of the County and its citizens, has considered the financial, technical and legal qualifications of Franchisee, and has determined that Franchisee's plans for its Cable System are adequate, in a full public proceeding affording due process to all parties;

WHEREAS, the County has found Franchisee to be financially, technically and legally qualified to operate the Cable System;

WHEREAS, the County has determined that in accordance with the provisions of the Cable Ordinance the grant of a nonexclusive franchise to Franchisee is consistent with the public interest; and,

WHEREAS, the County and Franchisee have reached agreement on the terms and conditions set forth herein and the parties have agreed to be bound by those terms and conditions.

NOW, THEREFORE, in consideration of the County's grant of a franchise to Franchisee, Franchisee's promise to provide Cable Service to residents of the Franchise/Service Area of the County pursuant to and consistent with the Cable Ordinance, pursuant to the terms and conditions set forth herein, the promises and undertakings herein, and other good and valuable consideration, the receipt and the adequacy of which are hereby acknowledged,

THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

Except as otherwise provided herein, the definitions and word usages set forth in the Cable Ordinance are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1. *Access Channel*: A video Channel, which Franchisee shall make available to the County without charge for public, educational, or governmental use for the transmission of video programming as directed by the County.

1.2. *Affiliate*: Any Person who, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with the Franchisee.

1.3. *Basic Service*: Any service tier, which includes the retransmission of local television broadcast signals as well as the PEG Channels required by this Franchise, and as may be defined from time to time by federal law or regulation of the FCC.

1.4. *Cable Ordinance*: Loudoun County Ordinance on Cable Television Franchising and Regulation, Chapter 805 of the Loudoun County Codified Ordinance, to the extent authorized under and consistent with federal and state law.

1.5. *Cable Service* or *Cable Services*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(6) and as may be amended in the future.

1.6. *Cable System* or *System*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), meaning Franchisee's facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide Cable Service which includes video programming and which is provided to multiple Subscribers within the Service Area. Subject to Section 2.2 herein and applicable law, the Cable System shall be limited to the optical spectrum wavelength(s), bandwidth or future technological capacity that is used for the transmission of video cable services directly to Subscribers within the Franchise/Service Area and shall not include tangible network facilities of a common carrier subject in whole or in part to Title II of the Communications Act or of an Information Services provider.

1.7. *Channel*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(4).

1.8. *Communications Act*: The Communications Act of 1934, as amended.

1.9. *Control*: The ability to exercise *de facto* or *de jure* control over day-to-day policies and operations or the management of corporate affairs.

1.10. *County*: Loudoun County, organized and existing under the laws of the Commonwealth of Virginia, and the area within its territorial limits.

1.11. *Educational Access Channel*: An Access Channel available for the use solely of the local public schools or institutions of higher education in the Franchise Area.

1.12. *Extended Service Area*: The portion of the Franchise Area as outlined in Exhibit A attached hereto and incorporated herein.

1.13. *FCC*: The United States Federal Communications Commission, or successor governmental entity thereto.

1.14. *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, acts of God, incidences of terrorism, war or riots, labor strikes or civil disturbances, floods, earthquakes, fire, explosions, epidemics, hurricanes, and tornadoes.

1.15. *Franchise Area*: The area within the territorial limits of the County, but therein excluding areas of incorporated towns, but including the Initial and Extended Service Areas.

1.16. *Franchisee*: Verizon Virginia Inc., and its lawful and permitted successors, assigns and transferees.

1.17. *Government Access Channel*: An Access Channel available for the use solely of the County.

1.18. *Gross Revenue*: All amounts which are derived, directly or indirectly, by Franchisee from the operation of the Cable System to provide Cable Service in the Franchise Area. The Franchisee shall maintain its books in accordance with generally accepted accounting principles ("GAAP"). Gross Revenue shall include, without limitation, the following:

1.18.1. Any revenue received from Subscribers for all Cable Services, including but not limited to revenue for basic service, expanded basic service, other tier services, additional outlets, and pay-per-view service, or for the distribution of any other Cable Service, as defined by federal law, over the System.

1.18.2. Revenue received from Subscribers for installation, change in service and reconnection charges and similar fees;

1.18.3. Revenue received from Subscribers for converters, remote controls or other equipment leased or rented to Subscribers in connection with the delivery of Cable Services to such Subscribers;

1.18.4. Revenue received from Subscribers for service charges and late fees attributable to delinquent accounts;

1.18.5. Revenue received from third parties, including advertising revenue (without any deductions for commissions paid to any advertising agency or other person, and subject to subsection 1.18.11 below), home shopping commissions, leased access payments (subject to subsection 1.18.12 below), and studio and other facilities or equipment rentals. In

computing Gross Revenue from sources other than Franchisee's Subscribers, including without limitation, revenue derived from the sale of advertising, home shopping services, guide sales, the lease of channel capacity on its Cable System, or any other such revenues derived from the operation of the Cable System, the amount of such revenues attributable or allocated to Franchisee in accordance with GAAP shall be the aggregate revenue received by Franchisee from such sources during the period in question multiplied by a fraction, the numerator of which shall be the number of Franchisee's Subscribers in the County as of the last day of such period and the denominator of which shall be the number of regional or national Subscribers as of the last day of such period. For example, Franchisee sells two ads: Ad "A" is broadcast nationwide; Ad "B" is broadcast only within Virginia. Franchisee has 100 Subscribers in the County, 500 Subscribers in Virginia, and 1000 Subscribers nationwide. Gross Revenue as to the County from Ad "A" is 10% of Franchisee's revenue therefrom. Gross Revenue as to LFA from Ad "B" is 20% of Franchisee's revenue therefrom.

1.18.6. Fees collected from Subscribers for the payment of cable franchise fees to be paid to the County; such cable franchise fees shall not be deemed to be taxes and are not deducted from the total gross revenue figure on which Franchise fees are paid.

Provided, however, that Gross Revenue shall not include:

1.18.7. Revenues received by any Affiliate or other Person from the Franchisee in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System;

1.18.8. Bad debts written off by Franchisee in the normal course of its business, provided, however, that bad debt recoveries shall be included in Gross Revenue during the period collected;

1.18.9. Refunds, rebates, or discounts made to Subscribers or other third parties;

1.18.10. Any revenues from services classified as Non-Cable Services under federal or state law;

1.18.11. Any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, except for that portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System for the sale of such merchandise (such as the home shopping commission provided for in Section 1.18.5 above), which portion shall be included in Gross Revenue;

1.18.12. The sale of Cable Services on the Cable System for resale in which the purchaser is required to collect cable franchise fees from purchaser's customer;

1.18.13. The provision of Cable Services to public institutions as required or permitted herein;

1.18.14. Any tax of general applicability imposed upon Franchisee or upon Subscribers by a city, state, federal or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity (including, but not limited to, sales/use tax, gross receipts tax, excise tax, utility users tax, public service tax, communication taxes and non-cable franchise fees);

1.18.15. Any foregone revenue which Franchisee chooses not to receive in exchange for its provision of free or reduced cost cable or other communications services to any Person, including without limitation, employees of Franchisee; provided, however, that such foregone revenue which Franchisee chooses not to receive in exchange for trades, barter, services or other items of value shall be included in Gross Revenue;

1.18.16. Sales of capital assets or sales of surplus equipment;

1.18.17. Program launch fees;

1.18.18. Directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement and electronic publishing; and,

1.18.19. Any fees or charges collected from Subscribers or other third parties for PEG Grant or I-NET payments.

1.19. *Information Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. §153(20) as may be amended from time to time.

1.20. *Initial Service Area*: The portion of the Franchise Area as outlined in Exhibit A attached hereto and incorporated herein.

1.21. *Internet Access*: Dial-up or broadband access service that enables Subscribers to access the Internet.

1.22. *Non-Cable Services*: Any service that does not constitute the provision of Video Programming directly to multiple Subscribers in the Franchise Area including, but not limited to, Information Services, including but not limited to Internet Access, and Telecommunications Services.

1.23. *Normal Business Hours*: Twelve (12) hours per day on weekdays and four (4) hours on weekends, excluding holidays.

1.24. *Normal Operating Conditions*: Those service conditions which are within the control of the Franchisee. Those conditions which are not within the control of the Franchisee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages, and severe or unusual weather conditions. Those conditions which are within the control of the Franchisee include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and maintenance or rebuild of the Cable System. See 47 C.F.R. § 76.309(c)(4)(ii).

1.25. *PEG*: Public, educational, and governmental.

1.26. *Person*: An individual, partnership, association, joint stock company, trust, corporation, or governmental entity.

1.27. *Public Access Channel*: An Access Channel available for the use solely by the residents in the Franchise Area.

1.28. *Public Rights-of-Way*: The surface, the air space above the surface, and the area below the surface of any public street, road, highway, lane, path, alley, sidewalk, boulevard, drive, bridge, tunnel, parkway, waterway, easement, or similar property in which the County now or hereafter holds any property interest, which, consistent with the purposes for which it was dedicated, may be used for the purpose of installing and maintaining, a Cable System. No reference herein, or in any franchise agreement, to the "Public Rights-of-Way" shall be deemed to be a representation or guarantee by the County that its interest or other right of control to use such property is sufficient to permit its use for such purposes, and a Franchisee shall be deemed to gain only those rights to use as are properly in the County and as the County may have the undisputed right and power to give. Public Rights-of-Way do not include the airwaves above a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.29. *Service Area*: All portions of the Franchise Area where there is a Video Serving Office and Cable Service is being offered.

1.30. *Service Date*: The date on which Franchisee first provides Cable Service on a commercial basis directly to multiple Subscribers in the Franchise Area.

1.31. *Service Interruption*: The loss of picture or sound on one or more cable channels.

1.32. *Subscriber*: A Person who lawfully receives Cable Service delivered over Cable System with Franchisee's express permission.

1.33. *Telecommunications Facilities*: Franchisee's existing Telecommunications Services and Information Services facilities and its FTTP Network facilities.

1.34. *Telecommunication Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. § 153(46) and as amended.

1.35. *Title II*: Title II of the Communications Act.

1.36. *Title VI*: Title VI of the Communications Act.

1.37. *Transfer of the Franchise*:

1.37.1. Any transaction in which (i) ownership of 10% of the voting interest of a publicly held Franchisee or 25% of the voting interest of a privately held Franchisee is acquired in any transaction or series of transactions, by a Person or group of Persons acting in

concert, none of whom already owns five percent (5%) or more of the Franchisee, singularly or collectively, or (ii) control of more than ten percent (10%) of the right of control of a publicly held Franchisee or twenty-five percent (25%) of a privately held Franchisee is acquired in any transaction or series of transactions, by a person or a group of persons acting in concert, none of whom already controls five percent (5%) or more of such right of control, singularly or collectively, or (iii) there is any other change which accomplishes a change in actual working or de facto ownership of control of the Franchisee by minor interest holders in whatever manner exercised.

1.39. *Video Programming:* Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(20) and as amended.

1.40. *Video Serving Office:* A facility of the Franchisee (usually a central office associated with the Public Switched Network for voice services, but includes other similar facilities designated by the Franchisee for this purpose) for which a portion has been equipped with the appropriate equipment to enable Cable Service to be provisioned to Subscribers.

2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

2.1. *Grant of Authority:* Subject to the terms and conditions of this Agreement and the Cable Ordinance, the County hereby grants the Franchisee the right to own, construct, operate and maintain a Cable System along the Public Rights-of-Way within the Franchise Area, in order to provide Cable Service. No privilege or power of eminent domain is bestowed by this grant; nor is such a privilege or power bestowed by this Agreement.

2.2. *County Does Not Regulate Telecommunications:* The parties acknowledge that this Franchise does not encompass or reflect the full extent of the County's authority over the Franchisee, and notwithstanding any provision hereof, the County reserves all of its rights under state and federal law regarding the scope of such authority. The Franchisee also acknowledges that pursuant to, and as limited by, state and federal law the County has the authority to regulate the placement, construction, repair, and maintenance of physical facilities located in the Public Rights-of-Way, including the FTTP Network. Notwithstanding the foregoing, the County agrees that it shall not, under the authority of this Franchise, claim any additional authority over the physical facilities that comprise the FTTP Network and that are located in the Public Rights-of-Way, provided that the Franchisee acknowledges that the County has the power to adopt and enforce regulations and policies with respect to the Public Rights-of-Way, including with respect to the FTTP Network. Finally, nothing in this Franchise shall be deemed a waiver of any right or authority the County may have now or in the future to regulate Information Services or Telecommunications Services, or the use of the FTTP Network to provide such services.

2.3. *Term:* This Franchise Agreement shall become effective on the date when both parties execute the agreement ("Effective Date"), which shall be completed within thirty (30) days following its approval by the County Board of Supervisors. The term of this Franchise Agreement shall be fifteen (15) years from the Effective Date unless the Franchise is earlier revoked as provided herein. The Service Date, as defined at Section 1.30 of this Agreement,

shall be within six (6) months of the Effective Date, and the Franchisee shall provide the County with a written notice of such Service Date.

2.4. *Grant Not Exclusive:* The Franchise and the right it grants to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the County reserves the right to grant other franchises for similar uses or for other uses of the Public Rights-of-Way, or any portions thereof, to any Person, or to make any such use themselves, at any time during the term of this Franchise Agreement.

2.5. *Franchise Agreement Subject to Federal Law:* Notwithstanding any provision to the contrary herein, this Franchise Agreement is subject to and shall be governed by all applicable provisions of federal law as it may be amended, including but not limited to the Communications Act.

2.6. *No Waiver:*

2.6.1. The failure of the County on one or more occasions to exercise a right or to require compliance or performance under this Franchise Agreement, the Cable Ordinance or any other applicable law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance by the County, nor to excuse Franchisee from complying or performing, unless such right or such compliance or performance has been specifically waived in writing.

2.6.2. The failure of the Franchisee on one or more occasions to exercise a right under this Franchise Agreement or applicable law, or to require performance under this Franchise Agreement, shall not be deemed to constitute a waiver of such right or of performance of this Agreement, nor shall it excuse the County from performance, unless such right or performance has been specifically waived in writing.

2.7. *Construction of Franchise Agreement:*

2.7.1. The provisions of this Franchise Agreement shall be liberally construed to effectuate their objectives. In the event of a conflict between the Cable Ordinance and this Agreement, the Cable Ordinance shall prevail except to the extent that relief from the Cable Ordinance is provided for through the waivers provided for at Section 14.14 of this Agreement.

2.7.2. Nothing herein shall be construed to limit the scope or applicability of Section 625 Communications Act, 47 U.S.C. § 545

2.7.3. Should any change to state law have the lawful effect of materially altering the terms and conditions of this Franchise, then the parties shall modify this Franchise Agreement to the mutual satisfaction of both parties to ameliorate the negative effects on the Franchisee of the material alteration. If the parties cannot reach agreement on the above-referenced modification to the Franchise Agreement, then Franchisee may terminate this Agreement without further obligation to the County or, at Franchisee's option, the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

2.8. *Police Powers:* Nothing in the Franchise Agreement shall be construed to prohibit the reasonable, necessary and lawful exercise of the County's police powers. However, if the reasonable, necessary and lawful exercise of the County's police power results in any material alteration of the terms and conditions of this Franchise, then the parties shall modify this Franchise Agreement to the mutual satisfaction of both parties to ameliorate the negative effects on the Franchisee of the material alteration. If the parties cannot reach agreement on the above-referenced modification to the Franchise Agreement, then Franchisee may terminate this Agreement without further obligation to the County or, at Franchisee's option, the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. Notice to terminate under this Section shall be given to the County in writing, with such termination to take effect no sooner than one hundred and twenty (120) days after giving such notice. Franchisee shall also be required to give its then current Subscribers not less than ninety (90) days prior written notice of its intent to cease Cable Service operations.

2.9. *Acceptance of Franchise:* Franchisee hereby accepts the Franchise, warrants and represents that it has examined all of the provisions of the Cable Ordinance, subject to Section 2.7 above, and this Agreement, accepts and agrees to be bound by all of the provisions contained in the Cable Ordinance and this Agreement.

2.10. *Nature of Authority:* The authority granted herein, subject to the terms and conditions of this Agreement and Cable Ordinance, shall be known as the "Franchise".

2.11. *Commitments by Franchisee*

2.11.1. The Franchisee agrees to use its good faith efforts, at its own expense, actively and diligently to conduct the prosecution of all applications to the FCC, other governmental regulatory bodies or private parties necessary to permit the continuation and extension of its operations in accordance with this Agreement and the Cable Ordinance. Franchisee is not required to extend its System or construct plant within private rights-of-way for which Franchisee is unable to secure easements or other rights of access on reasonable terms and conditions after good faith, active and diligent efforts at application for such agreements or rights of access.

2.11.2. The Franchisee shall not apply for any waivers, exceptions, or declaratory rulings from the FCC or any other federal or state regulatory agency specifically regarding the Franchise with the County without providing the County with copies of such applications.

3. PROVISION OF CABLE SERVICE

3.1. *Service Area:*

3.1.1. *Initial Service Area:* The Franchisee shall offer Cable Service to significant numbers of potential Subscribers in residential areas in the Initial Service Area and may make Cable Service available to businesses in the Initial Service Area within two (2) years of the Service Date of this Agreement, and to all residential areas in the Initial Service Area

within four (4) years of the Service Date of the Franchise except as provided elsewhere in this Agreement.

3.1.1.1. *Density Requirement:* Franchisee shall make Cable Services available to residential dwelling units in all areas of the Service Area where the average density is equal to or greater than thirty (30) occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line; however, starting seven (7) years after the Effective Date, but no later than ten (10) years after the Effective Date, the Franchisee shall make Cable Services available to residential dwelling units in all areas of the Service Area where a) Cable Service is being offered by the Franchisee in the territory of the Video Serving Office, b) at least fifty percent (50%) of the territory of the Video Serving Office has been built out, and c) the average density is equal to or greater than twenty (20) occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line, and such density requirement will continue through the term of the Agreement. Should, through new construction, an area within the Initial Service Area or Extended Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Subsections 3.1.1 and 3.1.2 respectively, Franchisee shall provide Cable Service to such area within six (6) months of determining that the density requirements have been met.

3.1.1.2. The Franchisee agrees to use commercially reasonable efforts to inform itself of all newly planned developments within the County and to work with developers to cooperate in pre-installation of facilities to support Cable Service.

3.1.1.3. Where potential Subscribers reside in the Service Area where an average density is below the above density limitation in Subsection 3.1.1.1, the Franchisee shall extend Cable Service to such potential Subscribers under the following conditions:

3.1.1.3.1. if the potential Subscribers are willing to pay a one-time charge equivalent to the Franchisee's cost, which shall include all costs required to extend Cable Service, including, but not limited to, total construction, engineering, capital and administrative costs; or

3.1.1.3.2. if fifteen (15) potential Subscribers per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line commit themselves to taking Cable Service from the Franchisee.

3.1.2. *Extended Service Area:* Within seven (7) years following the Service Date, Franchisee shall begin offering Cable Service throughout the Extended Service Area, passing with the FTTP trunk and feeder system at least 80% of the total households in the Franchise Area in which the Franchisee has its telephone facilities, subject to statutory exclusions for telephone facilities, and subject to the conditions of Subsection 3.1.1 above and the other terms set forth herein.

3.2. *Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units, and may make Cable Service available to businesses, within the Service Area in conformance with Section 3.1 and Franchisee shall not discriminate between or among any Persons in the availability of Cable Service. In the areas in which Franchisee shall provide Cable Service, Franchisee shall be required to connect all residential dwelling units and business units that are within one hundred fifty (150) feet of trunk or feeder lines not otherwise already served by Franchisee's FTTP Network. Franchisee shall be allowed to recover, from a Subscriber that requests such connection, actual costs incurred for residential dwelling unit connections that exceed one hundred fifty (150) feet and actual costs incurred to connect any non-residential dwelling unit Subscriber.

3.2.1. Franchisee shall make Cable Service available to any Subscriber within the County upon Subscriber's request and at the standard connection charge if the connection requires a standard drop, defined as no more than one hundred and fifty (150) foot aerial or underground drop, measured from the new Subscriber's residence or place of business to the Franchisee's nearest activated distribution line, and including one (1) outlet and standard materials.

3.2.2. With respect to requests for connection requiring an aerial or underground drop line in excess of one hundred and fifty (150) feet from the nearest activated distribution lines, the Franchisee must extend and make available Cable Service to such Subscribers at a connection fee not to exceed the Franchisee's standard connection fee, if any, plus the actual installation costs incurred by the Franchisee for the distance exceeding one hundred fifty (150) feet. Actual installation costs include reasonable actual labor or hourly service charges (including wages, benefits and payroll taxes) and material costs incurred by Franchisee for the additional work beyond one hundred fifty (150) feet, together with a reasonable charge for overhead.

3.2.3. As is consistent with federal and state law, the Franchisee shall assure that access to its Cable Services is not denied to any group of potential residential cable subscribers because of the income of the residents of the local area in which such group resides.

3.3. *Voluntary Extension:* Nothing in this Section 3 shall be construed to prevent the Franchisee from serving areas within the Franchise Area not covered under this Section upon agreement with developers, property owners or residents.

3.4. *Cable Service to Public Buildings:* Franchisee shall provide without charge within the Service Area, and subject to the Service Area provisions in Sections 3.1 and 3.6, one service outlet activated for Basic Service to each existing public building listed in Exhibit B, including, without limitation, each public school, each public library, each location occupied by the Sheriff's Office, each location occupied by fire and rescue operations, including the Training Academy, the County's 911 Center, and other locations occupied or used by the County government for governmental purposes. During the term of this Agreement, the County may, to the extent reasonably accessible and agreed to by the Franchisee, designate additional locations to receive one service outlet activated for Basic Service. For all service outlets, if it is necessary to extend Franchisee's trunk or feeder lines more than one hundred fifty (150) feet solely to provide service to any such school or public building, the County shall have the option either of

paying Franchisee's direct costs for such extension in excess of one hundred fifty (150) feet, or of releasing Franchisee from the obligation to provide service to such building. Furthermore, Franchisee shall be permitted to recover, from any public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one outlet, or concealed inside wiring, or a service outlet requiring more than one hundred fifty (150) feet of drop cable; provided, however, that Franchisee shall not charge for the provision of Basic Service to the additional service outlets once installed. The County may extend its one outlet to additional locations throughout the building at its own installation expense without an additional monthly fee.

3.5. *Access to Private Property:* The Franchisee shall not be required to serve potential Subscribers in developments or buildings that are subject to claimed exclusive arrangements with other providers or to which the Franchisee cannot obtain physical access under reasonable terms and conditions after good faith negotiations with the owner or manager of the property.

3.6. *Delays in Extension of Service:* The Franchisee shall not be excused from the timely performance of its obligations to provide Cable Service as provided for in Section 3.1 except for the following occurrences:

3.6.1. Any Force Majeure situation as defined herein;

3.6.2. Unreasonable failure or delay by the County to issue any permits or permission upon a timely and complete application submitted to the County by the Franchisee or its contractor representative and tender of any required permit fee, or any other unreasonable delay or failure to act by County as may be necessary for the Franchisee to provide Cable Service;

3.6.3. Not reasonably foreseeable federal and state governmental actions, inaction, or restrictions;

3.6.4. In developments or buildings that the Franchisee is unable to provide Cable Service for technical reasons or which require non-standard facilities which are not available on a commercially reasonable basis; and,

3.6.5. Delays beyond the control of the Franchisee that the Franchisee could not reasonably have anticipated regarding the availability, shipment and arrival of necessary equipment, cables, electronics, hardware or other materials, the availability of qualified labor to perform the necessary work, protracted underground excavation, third-party refusal to allow necessary access to poles or other rights-of-way facilities, easement availability, changes in contractors or contractor personnel or any other valid factor reasonably justified in writing to the County by the Franchisee.

3.7. *Subscriber Surveys:* Upon the request of the County, but not more than once every three years, the Franchisee shall conduct a Subscriber satisfaction survey pertaining to quality of service, which may be transmitted to Subscribers in the Franchisee's invoice for Cable Services. The results of such survey shall be provided to the County on a timely basis and in any case not less than three months after the survey has been distributed to the Subscribers.

3.8. *Performance Evaluation Sessions*: The County and the Franchisee shall hold scheduled performance evaluation sessions.

3.8.1. Performance evaluation sessions shall be held no more than once every three years during the Term of the Franchise. All such evaluation sessions shall be publicized in advance and be open to the public.

3.8.2. The Franchisee shall reasonably cooperate with the evaluation and shall, subject to the confidentiality provision of Section 9.2 of this Agreement, supply the County with all relevant information requested.

3.8.3. If the evaluation indicates a need for modification of the Agreement, the County shall attempt to negotiate the identified changes with the Franchisee. Any changes agreed to by the County and the Franchisee shall be approved by the County's Board of Supervisors before they become effective.

4. SYSTEM OPERATION

4.1. The parties recognize that, subject to applicable law, the Franchisee's FTTP Network is being constructed and will be operated and maintained as an upgrade to and/or extension of its existing Telecommunications Facilities.

4.2. *Provision of Maps to the County*: The Franchisee shall provide to the County annually updated maps of the Franchise Area which shall clearly delineate the following:

4.2.1. Areas within the Franchise Area where Cable Service will be available to Subscribers.

4.2.2. Areas covered by the Franchise where the Cable System cannot be extended due to lack of present or planned development, with such areas clearly marked.

4.3. *Additional Maps*: Should the County request access to more detailed maps of the Cable System that are too voluminous or for security reasons cannot be copied and moved, then the Franchisee shall permit the County to view such maps and may require that any inspection take place at a specified location in Northern Virginia.

4.4. *Changes in Service*: Franchisee agrees to give the County Administrator thirty (30) days prior written notice of changes in the mix, or quality of the Cable Services.

5. SYSTEM FACILITIES

5.1. *System Characteristics*: Franchisee's Cable System shall meet or exceed the following requirements:

5.1.1. The System shall be designed with an initial analog and digital passband of 50-860 MHz.

5.1.2. The System shall be designed to be an active two-way plant for subscriber interaction, if any, required for selection or use of Cable Service. The digital offerings shall include some high definition Cable Service.

5.1.3. The Cable System shall be operated in a manner such that it is in compliance with FCC standards and requirements with respect to interference. The Cable System shall be operated in such a manner as to minimize interference with the reception of off-the-air signals by a Subscriber. The Franchisee shall insure that signals carried by the Cable System, or originating outside the Cable System wires, cable, fibers, electronics and facilities, do not ingress or egress into or out of the Cable System in excess of FCC standards. In particular, the Franchisee shall not operate the Cable System in such a manner as to pose unwarranted interference with emergency radio services, aeronautical navigational frequencies or any airborne navigational reception in normal flight patterns, or any other type of wireless communications, pursuant to FCC regulations.

5.2. *Interconnection:* The Franchisee shall design its Cable System so that it may be interconnected with other cable systems and open video systems in the Franchise Area. Interconnection of systems may be made by direct cable connection, microwave link, satellite, or other appropriate methods.

5.3. *Standby Power:* The Franchisee shall provide standby power generating capacity at the headend and at all video serving offices. The Franchisee shall maintain motorized standby power generators capable of at least twenty-four (24) hours duration at the headend, and battery back-up power capability of at least four (4) hours duration for all video serving offices with automatic response systems to alert the headend when commercial power is interrupted. The headend generator shall be tested once per week. The power suppliers serving the distribution plant shall be capable of providing power to the Cable System for not less than four (4) hours according to manufacturer specification in the event of an electrical outage.

5.4. *Emergency Alert System:*

5.4.1. Franchisee shall comply with the Emergency Alert System requirements of the FCC in order that emergency messages may be distributed over the System.

5.5. *Technical Standards:* The Cable System shall meet or exceed the applicable technical standards set forth in 47 C.F.R. § 76.601.

6. **PEG SERVICES**

6.1. *PEG Set Aside*

6.1.1. In order to ensure universal availability of public, educational and government programming, Franchisee shall provide five (5) channels on the Basic Service Tier. The PEG Channels shall be designated as follows: one (1) dedicated public Access Channel, one (1) Educational Access Channel dedicated to higher education, one (1) dedicated County Government Access Channel, one (1) Government Access Channel dedicated to carrying programming related to towns within the County, and one (1) Education Access Channel dedicated to the Loudoun County Public Schools (collectively, "PEG Channels"). In addition to

the aforementioned channels, the County may request an additional PEG Access Channel when the cumulative time on all the existing Access Channels combined meets the following standards, but no more than one (1) Channel over the term of the Franchise: at least eighty percent (80%) of the cumulative time of sixty (60) hours per week over a consecutive (16) week period has been programmed with original, non-duplicative programming. Each PEG Channel carried as part of an analog service shall consist of a band of frequencies which is capable of carrying one standard National Television Standards Committee ("NTSC") analog television signal. Each PEG Channel carried as part of the digital service shall consist of the system capacity required to provide the transmission of a video signal, with accompanying audio, that is in digital format and capable of producing sound and picture of NTSC quality or better based on the standard compression technology then in use in the System.

6.1.2. If the Franchisee so chooses to eliminate its analog programming service, the Franchisee shall give each entity that manages a PEG Channel at least ninety (90) days notice before ceasing to provide programming in analog format. In addition, if the Franchisee chooses to eliminate its analog programming service, and it becomes necessary for any entity that manages a PEG Channel to replace existing equipment or purchase new equipment in order to produce and transmit programming of the same quality or better than that which was being produced and transmitted prior to the elimination of analog programming, then the Franchisee shall reimburse each such entity for the reasonable costs incurred for replacing all such equipment. Alternatively, the Franchisee may choose to supply such equipment itself, provided that in the reasonable judgment of the entity, the equipment provided by the Franchisee meets the entity's needs.

6.1.3. The PEG Channels shall be carried on the channel numbers assigned to them in Exhibit C. Thereafter, PEG Channel assignments may be changed and the entity responsible for managing any affected PEG Channel shall consent to the change. PEG Channel assignments shall be the same throughout the Franchise Area. Such change in the PEG Channel assignments shall not take place any more frequently than every three (3) years unless it is deemed by the Franchisee to be reasonably necessary. If the Franchisee decides to change the channel designation for any of the PEG Channels, it must provide thirty (30) days prior written notice to the County, and shall reimburse the County, and/or PEG users for all reasonable costs incurred by the County or other PEG users, including, but not limited to, technical costs, logo modifications, stationary, promotion, and advertising. Alternatively, the Franchisee may choose to supply such equipment itself, provided such equipment is satisfactory in the reasonable judgment of the County or the affected PEG users.

6.1.4. Within ten (10) days after the Effective Date of this Agreement, the County shall notify Franchisee of the programming to be carried on each of the PEG Channels set aside by Franchisee, as listed in Exhibit C. Such notification shall constitute authorization to Franchisee to transmit such programming within and without the Franchise Area.

6.1.5. Franchisee shall use reasonable efforts to interconnect its Cable System with those of the incumbent cable operator and open video system operators. Prior to the Service Date, the Franchisee shall initiate interconnection negotiations with the incumbent cable operator to cablecast, on a live basis, public, educational, and governmental access programming

consistent with this Franchise. Interconnection may be accomplished by direct cable, microwave link, satellite or other reasonable method of connection. Franchisee shall negotiate in good faith with the incumbent cable operator and open video system operators respecting reasonable, mutually convenient, cost effective, and technically viable interconnection points, methods, terms and conditions. The County shall work with the Franchisee and the operator(s) of such other system(s) to designate a reasonable and mutually acceptable place and manner for the PEG interconnection. Interconnection shall preserve the quality of the PEG programming as received by the Franchisee. The construction costs and ongoing expenses of interconnection shall be fairly shared between the Franchisee and the incumbent cable operator and open video system operators. The Franchisee and the incumbent cable operator and open video system operators shall negotiate the precise terms and conditions of an interconnection agreement. If any cable operator or open video system operator refuses to interconnect or otherwise obstructs interconnection, the County shall ensure that any such operator cooperate with the Franchisee and agree to reasonable terms for interconnection. If the Franchisee is unable to reach such an agreement within thirty (30) days after requesting in writing to interconnect with other local cable operator(s) or open video system operators, the County shall assist by mediating such dispute and mandating interconnection on reasonable terms by and between the Franchisee and the incumbent cable operator and open video system operators. If no agreement is reached within an additional thirty (30) days, the Franchisee agrees that the County shall designate the point of interconnection.

6.1.6. The PEG Channels shall be carried on the Basic Service tier in a format that is technically equivalent to and provides the same technical capabilities as the majority of the other Channels carried on the Basic Service tier.

6.2. PEG and I-NET Support

6.2.1. In support of the County's production of local PEG programming and its Institutional Network ("I-Net"), Franchisee shall provide an annual grant to the County ("PEG and I-Net Grant"). Such grant shall be used by the County for PEG access equipment, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, or for renovation or construction of PEG access facilities, as well as for upgrading, maintaining, constructing and/or operating the I-Net.

6.2.2. In support of the County's needs for PEG programming and an I-Net, the Franchisee shall provide the County with an initial advance on the PEG and I-Net Grant of one hundred thousand dollars (\$100,000) within sixty (60) days of the Effective Date of the Franchise. Thereafter, the annual PEG and I-Net Grant provided by Franchisee hereunder shall be the sum of one dollar (\$1.00) per month, per Subscriber in the Service Area to Franchisee's Basic Service Tier, with such payments being made to the County only after the initial one hundred thousand dollars (\$100,000) is recovered by the Franchisee. The annual PEG and I-Net Grant payment, along with a brief summary of the Subscriber information upon which it is based, shall be delivered to the County within sixty (60) days after the beginning of each calendar year during the Franchise Term. Calculation of the Annual PEG and I-Net Grant will commence with the first calendar month during which the Franchisee obtains its first Subscriber in the Service Area.

6.2.3. The County shall provide Franchisee with a complete accounting annually of the distribution of funds granted pursuant to this Section 6.2. This subsection 6.2.3 does not impose requirements or limitations on the County as to when such funds are to be distributed.

6.3. All local producers and users of any of the PEG facilities or Channels shall agree in writing to hold harmless Franchisee and the County from any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owing to third parties by the producer or user; and for any other injury or damage in law or equity, which result from the use of a PEG facility or Channel. Furthermore, all local producers and users of any of the PEG facilities or Channels shall agree in writing, and the County shall require that such local producer or user agree in writing, to authorize Franchisee to transmit programming consistent with this Agreement.

6.4. *Franchisee Shall Assure High Technical Quality of Access Channels:* All Access Channels shall include the Vertical Blanking Intervals, all other video components, and all aural components, including subcarriers. The technical quality of the transmission path for Access Channels from headend to Subscriber shall be at least equal to the same technical quality as the Channels used by Franchisee to transmit other commercial television broadcast stations and satellite Channels. Franchisee shall insure that there is no material degradation in the Access Channel signals that are received by the Franchisee for distribution by Franchisee over the Cable System.

6.5. To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs arising from the provision of the PEG and I-NET Grant from Subscribers and to include such costs as a separately billed line item on each Subscriber's bill. The parties agree that none of such costs constitutes or is part of any Franchise fee, and all such costs fall within one or more of the exceptions listed in 47 U.S.C. § 542.

6.6. *Leased Access Channels:* The Franchisee shall provide Leased Access Channels as required by federal law.

7. FRANCHISE FEES

7.1. *Payment to County:* Franchisee shall pay to the County a Franchise fee of five percent (5%) of annual Gross Revenue. In accordance with Title VI of the Communications Act, the twelve (12) month period applicable under the Franchise for the computation of the Franchise fee shall be a calendar year. Such payments shall be made no later than thirty (30) days following the end of each calendar quarter. Should Franchisee submit an incorrect amount, Franchisee shall be allowed to add or subtract that amount in a subsequent quarter, but no later than ninety (90) days following the close of the calendar year for which such amounts were applicable; such correction shall be documented in the supporting information required under Section 7.2 below.

7.2. *Supporting Information:* Each Franchise fee payment shall be accompanied by a brief report prepared by a representative of Franchisee showing the basis for the computation, and a breakdown by major revenue categories (such as Basic Service, premium service, etc.). The County shall have the right to reasonably request further supporting information for each Franchise fee payment, subject to the confidentiality provision of Section 9.2.

7.3. *Limitation on Franchise Fee Actions:* The period of limitation for recovery of any Franchise fee payable hereunder shall be five (5) years from the date on which payment by Franchisee is due.

7.4. *Bundled Services:* If the Franchisee bundles Cable Service with Non-Cable Service, the Franchisee agrees that it will not intentionally or unlawfully allocate such revenue for the purpose of evading the Franchise fee payments under this Agreement. In the event that the Franchisee or any Affiliate shall bundle, tie, or combine Cable Services (which are subject to the franchise fee) with Non-Cable Services (which are not subject to the franchise fee), so that subscribers pay a single fee for more than one class of service or receive a discount on Cable Services, a *pro rata* share of the revenue received for the bundled, tied, or combined services shall, to the extent reasonable, be allocated to gross revenues for purposes of computing the franchise fee. To the extent there are published charges and it is reasonable, the *pro rata* share shall be computed on the basis of the published charge for each of the bundled, tied, or combined services, when purchased separately. However, the parties agree that tariffed telecommunications services that cannot be discounted under state or federal law or regulations are excluded from the bundled allocation obligations in this section.

7.5. *Audit*

7.5.1. Subject to the confidentiality requirements of Section 9.2 of this Agreement, the County, or such Person or Persons designated by the County, shall have the right to inspect and copy records and the right to audit and to recompute any amounts determined to be payable under this Franchise, without regard to by whom they are held. If an audit discloses an overpayment or underpayment of franchise fees, the County shall notify the Franchisee of such overpayment or underpayment within ninety (90) days of the date the audit was completed. The County, in its sole discretion, shall determine the completion date for any audit conducted hereunder. Audit completion is not to be unreasonably delayed by either party.

7.5.2. Subject to the confidentiality requirements of Section 9.2 of this Franchise, the Franchisee shall be responsible for providing to the County all records necessary to confirm the accurate payment of franchise fees. The Franchisee shall maintain such records for five (5) years. The County's audit expenses shall be borne by the County unless the audit determines the payment to the County should be increased by more than five percent (5%) in the audited period, in which case the costs of the audit shall be paid by the Franchisee to the County within thirty (30) days following written notice to the Franchisee by the County of the underpayment, which notice shall include a copy of the audit report. If recomputation results in additional revenue to be paid by Franchisee to the County, such amount shall be subject to an interest charge of the Prime rate plus one percent (1%). If the audit determines that there has been an overpayment by the Franchisee, the Franchisee may credit any overpayment against its

next quarterly payment; and, the County shall waive the interest charge on any past due amounts that were a result of such overpayment by the Franchisee. The auditor shall not be compensated on a success based formula, e.g., payment based on a percentage of any underpayment, if any.

7.5.3. The audit provisions set forth in this subsection shall similarly apply to the PEG and I-NET support payments specified in subsection 6.2.2 of this Franchise.

8. CUSTOMER SERVICE

Customer Service Requirements are set forth in Exhibit D, which shall be binding unless amended by written consent of the parties.

9. REPORTS AND RECORDS

9.1 *Open Books and Records:* Upon reasonable written notice to the Franchisee and with no less than thirty (30) business days' written notice to the Franchisee, the County shall have the right to inspect Franchisee's books and records pertaining to Franchisee's provision of Cable Service in the Franchise Area at any time during Normal Business Hours and on a nondisruptive basis, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the County. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than five (5) years.

9.2 Confidentiality:

9.2.1. Notwithstanding anything to the contrary set forth herein, Franchisee shall not be required to submit information to the County that it reasonably deems to be proprietary or confidential in nature, nor submit to the County any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area, except as provided herein. Such confidential information shall be subject to the following, to be applied as is most practicable for the purposes of this Agreement:

9.2.1.1. To the extent an exemption under the Virginia Freedom of Information Act permits the County to maintain the confidentiality of submitted information and the Franchisee submits such information to the County, the County shall maintain the confidentiality of such information and not disclose it to any public request;

9.2.1.2. To the extent that information provided to an accountant, attorney, consultant, or any other agent of the County ("County Consultant") would not be subject to public disclosure under the Virginia Freedom of Information Act and the County instructs the Franchisee to provide such information to the County Consultant as may be required by this Agreement, the Franchisee shall provide such information to the County Consultant and the County shall not take possession of the information nor engage in any act that would jeopardize the confidentiality of such information; or,

9.2.1.3. Franchisee must provide the following documentation to the County: (i) specific identification of the information; (ii) statement

attesting to the reason(s) the Franchisee believes the information is confidential; and (iii) statement that the documents are available at the Franchisee's designated offices for inspection by the County.

9.2.2. At all times, the County shall take reasonable steps to protect the proprietary and confidential nature of any books, records, maps, plans or other County-requested documents that are provided pursuant to this Agreement to the extent they are designated as such by the Franchisee. Nothing in this Section shall be read to require the Franchisee to violate federal or state law protecting Subscriber privacy.

9.3. *Records Required:* Franchisee shall at all times maintain:

9.3.1. Records of all written complaints for a period of three years after receipt by Franchisee. The term "complaint" as used herein refers to complaints about any aspect of the Cable System or Franchisee's cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

9.3.2. Records of outages for a period of three years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

9.3.3. Records of service calls for repair and maintenance for a period of three years after resolution by Franchisee, indicating the date and time service was required, the date of acknowledgment and date and time service was scheduled (if it was scheduled), and the date and time service was provided, and (if different) the date and time the problem was resolved;

9.3.4. Records of installation/reconnection and requests for service extension for a period of three years after the request was fulfilled by Franchisee, indicating the date of request, date of acknowledgment, and the date and time service was extended; and

9.3.5. A public file showing the area of coverage for the provisioning of Cable Services and estimated timetable to commence providing Cable Service in areas not currently served.

9.4. *Federal Communications (FCC) Testing:* Within fourteen (14) days of a written request by the County, a written report of test results of FCC performance testing will be provided to the County Administrator / Designee.

9.5. *Quarterly Reports:* In full satisfaction for the term of this Agreement of the obligations and requirements of Section 805.11(b) of the Cable Ordinance, the Franchisee shall provide quarterly reports to the County of at least the following statistical information:

9.5.1. Number of repair service requests received in the previous quarter.

9.5.2. Breakdown by type of complaint received (ex. "complete outage" or "snowy picture", etc.).

9.5.3. Breakdown by cause of problem (ex. "Subscriber equipment" or "drop/converter" or "system", etc.).

9.5.4. Average hold time for Subscriber service telephone calls that were received in the previous quarter.

9.5.6. Percentage of telephone calls that were answered within 30 seconds during the previous quarter.

9.5.7. Percentage of calls received within the previous quarter which were abandoned before being answered by a live operator.

9.5.8. Percentage of time when all incoming trunk lines were in a busy condition.

9.6. *Annual Report:* In full satisfaction for the term of this Agreement of the obligations and requirements of Section 805.11(a) of the Cable Ordinance, unless this requirement is waived in whole or in part by the County, and no later than one hundred twenty (120) days after the end the Franchisee's fiscal year, the Franchisee shall submit a written report to the County, in a form reasonably satisfactory to the County, which shall include:

9.6.1. A summary of the previous calendar year's activities in development of the Cable System, including but not limited to descriptions of services begun or dropped;

9.6.2. A summary of the quarterly reports provided to the County as described in Section 9.5 of this Agreement.

9.6.3. A copy of the Franchisee's rules, regulations and policies available to Subscribers of the Cable System, including but not limited to (i) all Subscriber rates, fees and charges; (ii) copies of the Franchisee's contract or application forms for Cable Services; and (iii) a detailed summary of the Franchisee's policies concerning the processing of Subscriber complaints; delinquent Subscriber disconnect and reconnect policies; Subscriber privacy and any other terms and conditions adopted by the Franchisee in connection with the provision of Cable Service to Subscribers;

9.6.4. A statement of Gross Revenues for the previous calendar or fiscal year, certified by the Franchisee's financial agent, including a year-end balance sheet and an income statement showing Subscriber revenue and every material category of non-Subscriber revenue; and operating expenses by category, at whatever operating level such records are kept; which obligation may be satisfied by submitting the Franchisee's audited financial statements prepared for the Franchisee's bondholders or equivalent financial document acceptable to the County, or the annual report for Verizon Communications, Inc.;

9.6.5. A list of Persons holding five percent (5%) or more of the voting stock or interests of Franchisee, which, in combination with Section 9.6.6 below, shall fully satisfy all of the requirements of Section 805.11(e) of the Cable Ordinance;

9.6.6. A list of officers and members of the Board of Directors of Franchisee and its parents and Franchisee's subsidiaries, if any, or similar officers if the Franchisee is not a corporation, which, in combination with Section 9.6.5 above, shall fully satisfy all of the requirements of Section 805.11(e) of the Cable Ordinance.

9.6.7 Maps of the areas within the Franchise Area where Cable Service will be available to Subscribers and the areas covered by the Franchise where the Cable System cannot be extended due to lack of present or planned development, with such areas clearly marked.

9.7. The Franchisee shall submit to the County copies of each petition, application, report, and communication that directly affects the provision of Cable Service within the Franchise Area that are transmitted by the Franchisee to any federal, state, or other regulatory commissions, agencies or courts.

9.8. All reports provided to the County that are not confidential, pursuant to Section 9.2 of this Agreement, shall be available to the public in the Office of the County Administrator/Designee during Normal Business Hours.

10. **INSURANCE AND INDEMNIFICATION**

10.1 *Insurance:*

10.1.1. Franchisee shall at all times maintain in full force and effect, at its own cost and expense, during the Franchise Term, the following insurance coverage by a company authorized to do business in the Commonwealth of Virginia:

10.1.1.1. Commercial General Liability Insurance in the amount of one million dollars (\$1,000,000) combined single limit for personal injury or death of any one person or property damage to the property of any one person, and two million dollars (\$2,000,000) combined single limit for personal injury or death of any two or more persons or property damage to the property of any two or more persons. Such insurance shall cover the construction, operation and maintenance of the Cable System, and the conduct of Franchisee's Cable Service business in the County.

10.1.1.2. Automobile Liability Insurance in the amount of one million dollars (\$1,000,000) combined single limit for bodily injury and property damage coverage.

10.1.1.3. Workers' Compensation Insurance meeting all legal requirements of the Commonwealth of Virginia.

10.1.1.4. Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: \$100,000; and (B) Bodily Injury by Disease: \$100,000 employee limit; \$500,000 policy limit.

10.1.1.5. Copyright infringement insurance insuring the County, its officers, boards, commissions, agents and employees in the minimum amount of one million dollars (\$1,000,000) for copyright infringement occasioned by operation of the Cable System.

10.1.2. The County, its officers, boards, commission, agents, and employees shall be designated as additional insureds under each of the insurance policies required in this Article 10 except Worker's Compensation, Employer's Liability Insurance, and Copyright Infringement Insurance.

10.1.3. The insurance policies mentioned above shall state that the policies are extended to cover the liability assumed by the Franchisee under the terms of the Agreement and shall contain the following statement:

"It is hereby understood that this policy may not be canceled until thirty (30) days after receipt by the County by mail of written notice of such intent to cancel coverage."

10.1.4. Each of the required insurance policies shall be with sureties qualified to do business in the Commonwealth of Virginia, with an A- or better rating for financial condition and financial performance by Best's Key Rating Guide, Property/Casualty Edition.

10.1.5. Within ninety (90) days of the Effective Date, Franchisee shall deliver to the County Certificates of Insurance showing evidence of the required coverage.

10.2. *Indemnification:*

10.2.1. The Franchisee shall, at its sole cost and expense, indemnify and hold harmless the County and its officials, boards, commissions, agents and employees against any and all claims, suits, causes of action, proceedings and judgments for damages arising out of the operation of the Cable System under this Franchise. These damages include, but are not limited to, penalties arising out of copyright infringements and antitrust violations and damages arising out of the failure by the Franchisee to secure consents from the owners, authorized distributors or licensees of programs to be delivered by the Franchisee's Cable System, whether or not any act or omission complained of is authorized, allowed or prohibited by the Franchise and/or arising out of the Franchisee improperly crossing private property.

10.2.2. The indemnity set forth in this Section is conditioned upon the County's giving the Franchise prompt notice of the commencement or making of any suit or action covered by this Section such that Franchisee has reasonable time to respond to such suit or action. Nothing in this Section shall be deemed to prevent the county from cooperating with the Franchisee and participating in the defense of any litigation by its own counsel at its sole cost and expense. No recovery by the County of any sum by way of the Security Fund herein shall be a limitation upon the liability of the Franchisee to the County under the insurance and indemnification provisions herein, except that sums received by the County shall be deducted from any recovery which the County establishes against the Franchisee under this Agreement.

10.2.3. Franchisee shall have the right to defend, settle or compromise any claim or action arising hereunder, and Franchisee shall have the authority to decide the appropriateness and the amount of any such settlement. In the event that the terms of any such settlement does not include the release of the County and the County does not consent to the terms of any such

settlement or compromise, Franchisee shall not settle the claim or action but its obligation to indemnify the County shall in no event exceed the amount of such settlement.

11. **TRANSFER OF FRANCHISE**

11.1. *County Approval Required.* Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, no Transfer of the Franchise shall occur without the prior consent of the County, provided that such consent shall not be unreasonably withheld, delayed or conditioned.

11.2. *No Consent Required.* No such consent shall be required, however, for the following:

11.2.1. A transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of the Franchisee in the Franchise or Cable System in order to secure indebtedness, or otherwise excluded under Section 1.36 above; and,

11.2.2. Transfer of an ownership or other interest in Franchisee to the parent of Franchisee or to another Affiliate of Franchisee; transfer of an interest in the Franchise or the rights held by the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of Franchisee; any action which is the result of a merger of the parent of the Franchisee; or any action which is the result of a merger of another Affiliate of the Franchisee.

11.3. *Assignment to Verizon South Inc.:* Notwithstanding anything to the contrary herein, the County expressly acknowledges and agrees that the Franchisee is permitted to assign the right to provide Cable Service in the Franchise Area to Verizon South Inc., an Affiliate of the Franchisee, without paying an acceptance fee, without filing an application, without obtaining any prior approval, or making a showing as contained in Section 805.05(e) of the Cable Ordinance. The Franchisee will notify the County if at any time an assignment covered by this subsection occurs. However, such assignment shall not release the Franchisee from any of the terms and conditions imposed in this Agreement and the Franchisee shall remain solely liable to the County for the performance of those terms and conditions.

12. **RENEWAL OF FRANCHISE**

12.1. The County and Franchisee agree that any proceedings undertaken by the County that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 626 of the Communications Act, 47 U.S.C. § 546.

12.2. Notwithstanding anything to the contrary set forth herein, Franchisee and the County agree that at any time during the term of the then current Franchise, while affording the public appropriate notice and opportunity to comment, the County and Franchisee may agree to undertake and finalize informal negotiations regarding renewal of the then current Franchise and the County may grant a renewal thereof.

12.3. Franchisee and the County consider the terms set forth in this Article 12 to be consistent with the express provisions of Section 626.

13. ENFORCEMENT AND TERMINATION OF FRANCHISE

13.1. *Notice of Violation:* In the event that the County believes that Franchisee has not complied with the terms of the Franchise, the County shall informally discuss the matter with Franchisee. If these discussions do not lead to resolution of the problem, the County shall notify Franchisee in writing of the exact nature of the alleged noncompliance.

13.2. *Franchisee's Right to Cure or Respond:* Franchisee shall have thirty (30) days from receipt of the written notice described in Section 13.1 to: (i) respond to the County, if Franchisee contests (in whole or in part) the assertion of noncompliance; (ii) cure such default; or (iii) in the event that, by the nature of default, such default cannot be cured within the thirty (30) day period, initiate reasonable steps to remedy such default and notify the County of the steps being taken and the projected date that they will be completed.

13.3. *Public Hearing:* In the event that Franchisee fails to respond to the written notice described in Section 13.1 pursuant to the procedures set forth in Section 13.2, or in the event that the alleged default is not remedied within thirty (30) days or the date projected pursuant to Section 13.2(iii) above, if it intends to continue its investigation into the default, then the County shall schedule a public hearing. The County shall provide Franchisee at least thirty (30) business days prior written notice of such hearing, which will specify the time, place and purpose of such hearing, and provide Franchisee the opportunity to be heard.

13.4. *Enforcement:* Subject to applicable federal and state law and the terms and conditions of this Agreement, the County may apply one or a combination of the following remedies if the County determines that the Franchisee is in default of any provision of the Franchise:

13.4.1. Seek specific performance of any provision, which reasonably lends itself to such remedy, as an alternative to damages; or

13.4.2. Commence an action at law for monetary damages or seek other equitable relief; or

13.4.4. In the case of a substantial material default of a material provision of the Franchise, seek to revoke the Franchise in accordance with Section 13.5; or,

13.4.5. Apply any other remedy provided for in this Agreement or applicable federal, state or local laws.

13.5. *Revocation:* Should the County seek to revoke the Franchise, the County shall give written notice to Franchisee of its intent. The notice shall set forth the exact nature of the noncompliance. The Franchisee shall have ninety (90) days from such notice to object in writing and to state its reasons for such objection. In the event the County has not received a satisfactory response from Franchisee, it may then seek termination of the Franchise at a public hearing. The County shall cause to be served upon the Franchisee, at least thirty (30) days prior to such public hearing, a written notice specifying the time and place of such hearing and stating its intent to revoke the Franchise.

13.5.1. At the designated hearing, Franchisee shall be provided a fair opportunity for full participation, including the right to be represented by legal counsel, to introduce relevant evidence, to require the production of evidence, to compel the relevant testimony of the officials, agents, employees or consultants of the County, to compel the testimony of other persons as permitted by law, and to question and/or cross examine witnesses. A complete verbatim record and transcript shall be made of such hearing.

13.5.2. Following the public hearing, Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions in writing and thereafter the County shall determine (i) whether an Event of Default has occurred; (ii) whether such Event of Default is excusable; and (iii) whether such Event of Default has been cured or will be cured by the Franchisee. The County shall also determine whether to revoke the Franchise based on the information presented, or, where applicable, grant additional time to the Franchisee to effect any cure. If the County determines that the Franchise shall be revoked, the County shall promptly provide Franchisee with a written decision setting forth its reasoning. Franchisee may appeal such determination of the County to an appropriate court, which shall have the power to review the decision of the County *de novo*. Franchisee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days of Franchisee's receipt of the determination of the franchising authority.

13.5.3. The County may, at its sole discretion, take any lawful action which it deems appropriate to enforce the County's rights under the Franchise in lieu of revocation of the Franchise.

13.6. *Security Fund*

13.6.1. To ensure the performance of its obligations under this Franchise, the Franchisee shall establish a security fund in the form of a letter of credit for the County in the amount of fifty thousand dollars (\$50,000). Recovery under the letter of credit shall be in accordance with the procedures set forth in Section 13.7.3. If at the time of recovery under the letter of credit by the County, the amounts available are insufficient to provide the total payment towards which the withdrawal is directed, the balance of such payment shall continue as the obligation of the Franchisee to the County until it is paid. Within thirty (30) days of being notified that any amount has been recovered by the County, the Franchisee shall restore the letter of credit to the total amount specified above.

13.7. *Liquidated Damages:*

13.7.1. Because the Franchisee's failure to comply with provisions of this Franchise may result in injury to the County, because it may be difficult to quantify the extent of such injury, and in full satisfaction for the term of this Agreement of the obligations, requirements, and procedures of Section 805.15 of the Cable Ordinance, the County and the Franchisee agree that, subject to the procedures in Section 13.7.3, liquidated damages may be assessable against the Franchisee for certain violations of provisions of this Franchise, and that such liquidated damages may be chargeable to the Franchisee's Security Fund up to the limits specified below in the event of non-payment by the Franchisee. On an annual basis from the Service Date of this Franchise, liquidated damages in total will not exceed twenty thousand

dollars (\$20,000). The Franchisee hereby agrees that the liquidated damages specified herein are reasonable and do not constitute a penalty or fine. The liquidated damages shall not apply when caused by Force Majeure events and shall only apply from the date of notice of intention to assess liquidated damages as provided for in Section 13.7.3, being provided to the Franchisee, unless otherwise provided for or consistent with the time periods of notice and cure specific to certain liquidated damages.

13.7.1.1. Failure to supply information, reports, or filings lawfully required under the Franchise: \$100 per day for each day the violation continues after the Franchisee is given a thirty (30) day period to cure the failure and then written notice has been provided to the Franchisee by the County of such continuing violation;

13.7.1.2. Failure to commence operations in the Initial Service Area within the timeframe established at Section 3.1.1 herein: \$125 per day for each day the violation continues after written notice has been provided to the Franchisee by the County of such failure;

13.7.1.3. Failure to commence operations in the Extended Service Area within the timeframe established at Section 3.1.2 herein: \$125 per day for each day the violation continues after written notice has been provided to the Franchisee by the County of such failure;

13.7.1.4. Failure to provide Cable Service to a customer within ten (10) days of the installation of the Optical Network Terminal on the customer's premises when installed in response to a request for Cable Service from the customer or within ten (10) days after an order is placed if the ONT is already installed on the customer's premises, when such failure is reported by the customer to the County and referred to the Franchisee by the County: \$10 per day, not to exceed \$500 in the aggregate;

13.7.1.5. Failure to file, obtain, maintain or replenish the security fund in a timely fashion: \$150 per day for each day after written notice has been provided by the County of such failure;

13.7.1.6. Failure to indemnify the County as required by this Agreement if not cured within ninety (90) days after written notice has been provided by the County of such failure: \$100 per day for each day after written notice has been provided by the County of such failure;

13.7.1.7. Failure to comply, within ten (10) days, with this Agreement's Customer Service Standards with respect to customer complaints, when such failure is reported by the customer to the County and referred to the Franchisee by the County: \$10 per complaint;

13.7.1.8. Failure to Respond (as defined in this Agreement's Customer Service Standards, within ten (10) days to a Subscriber's request for repair or adjustment, when such failure is reported by the customer to the County and referred to the Franchisee by the County: \$25 per occurrence;

13.7.1.9. For violation of applicable technical standards established by the FCC: \$100 per day for each unrelated violation for each day the violation continues after thirty (30) days have elapsed from the time when the Franchisee has been given written notice by the County of such failure by the Franchisee;

13.7.1.10. For effecting or attempting to effect a Transfer for which approval is required without such approval: \$500 per day for each day the violation continues after thirty (30) days have elapsed from the when the Franchisee has been given written notice that the County's Board of Supervisors adopted a resolution determining the occurrence of such failure by the Franchisee.

13.7.1.11. For violation of any or all of the quarterly customer service standards: \$500 for the first violation; \$700 for any violation within 12 months after the first violation; and, \$900 for any violation within 12 months after the second or any subsequent violation;

13.7.1.12. For failure to comply with the requirements for the provision of PEG programming: \$50 per day;

13.7.1.14. For failure, unless such failure is beyond the Franchisee's control, of the EAS to perform in the event of a public emergency or vital information situation: \$500 per occurrence.

13.7.2. The County Administrator or Board may reduce or waive any of the above-listed liquidated damages if the County Administrator or Board determines that such waiver is in the best interests of the County.

13.7.3. In full satisfaction of the obligations, requirements, and procedures of Section 805.15 of the Cable Ordinance, if the County Administrator, following reasonable notice to the Franchisee to cure any problem (except for specific notice periods as may be contained in this Agreement) that might result in liquidated damages pursuant to the Agreement, he or she shall issue to the Franchisee, by certified mail, a notice of intention to assess liquidated damages. The notice shall set forth the basis of the assessment, and shall inform the Franchisee that liquidated damages will be assessed from the date of the notice. The assessment notice may be appealed for hearing before the Board and if the Board rules (1) that the violation has been corrected, or (2) that an extension of the time or other relief should be granted, or (3) the Board disagrees with the findings of the County Administrator, then no liquidated damages will be owed. If the Franchisee desires a hearing before the Board, it shall send a written notice of appeal, by certified mail, to the County Administrator within ten (10) days of the date on which the County Administrator sent the notice of intention to assess liquidated damages. After the hearing, if the Board sustains, in whole or in part, the County Administrator's assessment of liquidated damages, then the County Administrator shall inform the Franchisee and if the Franchisee does not pay the required amount within thirty (30) days, then the County will withdraw said amount from the letter of credit identified in Section 13.6 of this Agreement. Unless the Board indicates to the contrary, said liquidated damages shall be assessed beginning with the date on which the County Administrator sent the notice of intention

to assess liquidated damages and continuing thereafter until such time as the violation ceases, as determined by the County Administrator.

13.8. *Franchisee Termination:* Franchisee shall have the right to terminate this Franchise and all obligations hereunder within ninety (90) days after the end of three (3) years from the Service Date of this Franchise, if at the end of such three (3) year period Franchisee has less than twenty five percent (25%) market penetration of the homes passed in the Franchisee's total cable service area in the Washington D.C. Designated Market Area, which is defined as the geographic television market area established and updated annually by Nielsen Media Research. Notice to terminate under this Section shall be given to the County in writing, with such termination to take effect no sooner than one hundred and twenty (120) days after giving such notice. Franchisee shall also be required to give its then current Subscribers not less than ninety (90) days prior written notice of its intent to cease Cable Service operations.

14. MISCELLANEOUS PROVISIONS

14.1. *Actions of Parties:* In any action by the County or Franchisee that is mandated or permitted under the terms hereof, such party shall act in a reasonable, expeditious, and timely manner. Furthermore, in any instance where approval or consent is required under the terms hereof, such approval or consent shall not be unreasonably withheld, delayed or conditioned.

14.2. *Administration.* The administration of this Agreement, including the Cable Ordinance, shall be vested in the County Administrator of Loudoun County, or his or her designee.

14.3. *Representations and Warranties*

14.3.1. Franchisee hereby warrants, represents, acknowledges, and agrees that:

14.3.1.1. The Franchisee is qualified to do business in Virginia;

14.3.1.2. The Franchisee has the requisite power and authority under applicable law and Franchisee's organizational documents, is authorized by resolutions of its Board of Directors or other governing body, and has secured all consents which are required to be obtained as of the Effective Date of this Agreement, to enter into and legally bind the Franchisee to this Agreement and to take all actions necessary to perform all of its obligations pursuant to this Agreement;

14.3.1.3. Franchisee is financially able to perform all commitments made in this Agreement and agrees to provide financial statements evidencing this ability;

14.3.1.4. The Franchisee, upon accepting this Franchise, does so relying upon its own investigation and understanding of the power and authority of the County to grant the Franchise. Section 15.2-2108 of the Code of Virginia (1950, as amended) authorizes the County to grant this Franchise;

14.3.1.5. the Franchisee has carefully read the terms and conditions of this Franchise and the Cable Ordinance and is willing to and does accept all of the risks of the meaning of such terms and conditions;

14.3.1.6. To the best of its knowledge there is no action or proceeding pending or threatened against the Franchisee which questions its ability to perform under this Agreement;

14.3.1.7. Insofar as the legal capacity of the Franchisee to carry out any obligation pursuant to this Agreement is concerned, the execution of, and performance pursuant to, this Agreement will not result in the breach or violation of any provision of the by-laws of the Franchisee or of any statute, regulation, agreement, judgment, or decree to which it is subject;

14.3.1.8. None of the officers, directors, or managers of the Franchisee has any ownership interests that would be in violation of Section 613 of the Communications Act of 1934, 47 U.S.C. 533, and amendments thereto; and,

14.3.1.9. The Franchisee enters into this Agreement willingly and without coercion, undue influence, or duress, has not misrepresented or omitted material facts, has not entered into this Agreement with the intent to act contrary to its provisions, and represents and warrants that, for the term of this Agreement, it will be bound by the terms and conditions of this Agreement and the Cable Ordinance.

14.3.2. The Franchisee by acceptance of this Franchise acknowledges that it has not been induced to enter into this Franchise by any understanding or promise or other statement whether oral or written by or on behalf of the County or by any other Person concerning any term or condition of this Franchise not expressed herein or in the Cable Ordinance.

14.3.3. The rights and remedies of the parties pursuant to this Agreement are cumulative, except as otherwise provided in this Agreement, and shall be in addition to and not in derogation of any other rights or remedies which the parties may have with respect to the subject matter of this Agreement. A waiver of any right or remedy by a party at one time shall not affect the exercise of said right or remedy or any other right or other remedy by such party at any other time.

14.4. *Filing Requirements:* When not otherwise prescribed herein, all matters herein required to be filed with the County shall be filed with the County Administrator.

14.5. *No Person, Firm, or Corporation Shall be Arbitrarily Refused Service:* Subject to this Agreement, no person, firm, or corporation in the Service Area of the Franchisee shall be arbitrarily refused Cable Service; provided, however, that the Franchisee shall not be required to provide Cable Service to any Subscriber who does not pay the applicable connection fee or monthly Cable Service charge.

14.6. *Binding Acceptance:* This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees,

successors and assigns, and the promises and obligations herein shall survive the expiration date hereof.

14.7. *Preemption:* In the event that federal or state law, rules, or regulations preempt a provision or limit the enforceability of a provision of this Agreement, the provision shall be read to be preempted to the extent, and for the time, but only to the extent and for the time, required by law. In the event such federal or state law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision hereof that had been preempted is no longer preempted, such provision shall thereupon return to full force and effect, and shall thereafter be binding on the parties hereto, without the requirement of further action on the part of the County.

14.8. *Force Majeure:* Franchisee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by a Force Majeure, provided that the Franchisee furnishes the County with prior written notice of the noncompliance, when possible, and takes immediate and diligent steps to bring itself back into compliance and to comply as soon as reasonably possible, under the circumstances, with the Agreement without unduly endangering the health, safety, and integrity of the Franchisee's employees or property, or the health, safety, and integrity of the public, the Public Rights-of-Way, public property, or private property.

14.8.1. Furthermore, the parties hereby agree that it is not the County's intention to subject Franchisee to penalties, fines, forfeitures or revocation of the Franchise for violations of the Franchise where the violation was a good faith error that resulted in no or minimal negative impact on Subscribers, or where strict performance would result in practical difficulties and hardship being placed upon Franchisee which outweigh the benefit to be derived by the County and/or Subscribers.

14.9. *Notices:* Unless otherwise expressly stated herein, notices required under the Franchise shall be mailed first class, postage prepaid, to the addressees below. Each party may change its designee by providing written notice to the other party.

14.9.1. Notices to Franchisee shall be mailed to:

Robert W. Woltz, Jr.
President
600 E. Main Street
Suite 1100
Richmond, VA 23219

14.9.2. With a copy to:

Mr. Jack White
Senior Vice President and General Counsel
Verizon Telecom
One Verizon Way
Room VC43E010
Basking Ridge, NJ 07920-1097

14.9.3. Notices to the County shall be mailed to:

County Administrator
Loudoun County
1 Harrison Street SE
Fifth Floor
Leesburg, Virginia 20175

14.9.4. With copies to:

Director of Public Information
Loudoun County
1 Harrison Street SE
Fourth Floor
Leesburg, Virginia 20175

County Attorney
Loudoun County
1 Harrison Street SE
Fifth Floor
Leesburg, Virginia 20175

14.10. *Entire Agreement*: This Franchise and the Exhibits hereto constitute the entire agreement between Franchisee and the County. Amendments to this Franchise shall be mutually agreed to in writing by the parties.

14.11. *Captions*: The captions and headings of articles and sections throughout this Agreement are intended solely to facilitate reading and reference to the sections and provisions of this Agreement. Such captions shall not affect the meaning or interpretation of this Agreement.

14.12. *Severability*: If any section, subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory authority having jurisdiction thereof, such determination shall have no effect on the validity of any other section, subsection, sentence, paragraph, term or provision hereof, all of which will remain in full force and effect for the term of the Franchise. In the event of a subsequent change in applicable law so that the provision which had been held invalid is not longer invalid, said provision shall thereupon return to full

force and effect without further action by the County and shall thereafter be binding on Franchisee and the County.

14.13. *Recitals*: The recitals set forth in this Agreement are incorporated into the body of this Agreement as if they had been originally set forth herein.

14.14. *Waivers*: The County and the Franchisee recognize and agree that due to the newly developing competitive environment, the new entrant status of the Franchisee without having any entrenched Subscribers, and the nature of the Franchisee's FTTP Network, certain provisions of the Cable Ordinance are not applicable to the Franchisee or are better addressed by the terms of this Agreement and are, therefore, waived by the County. Specifically, under the authority of 805.17 of the Cable Ordinance, the County waives for the term of this Agreement the application of the obligations, requirements, and rights addressed in the following provisions of the Cable Ordinance: 805.02(a)(4); 805.02(a)(10); 805.02(a)(11); 805.02(a)(17); 805.04(h)(5); 805.05(a)-(c); 805.05(g); 805.05(k); 805.06(a)-(e); 805.06(g); 805.07(a)-(i); 805.08(a)-(n); 805.09(f)-(h); 805.10(a); 805.10(c); 805.10(d); 805.11(c); 805.11(f); 805.11(g); 805.14(a); 805.14(b); 805.16(b)-(j); and 805.18(a).

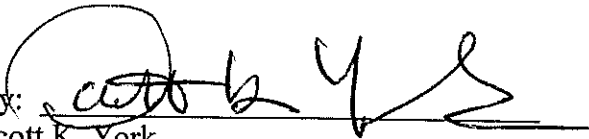
14.15. *Rate Regulation*: The County acknowledges that the Franchisee is, at the time of Effective Date, not subject to the rate regulation provisions of Section 805.12 of the Cable Ordinance.

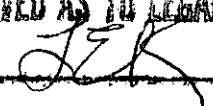
14.16. *FTTP Network Prohibition*: Under no circumstances including, without limitation, upon expiration, revocation, termination, denial of renewal of the Franchise or any other action to forbid or disallow Franchisee from providing Cable Services, shall Franchisee or its assignees be required to sell any right, title, interest, use or control of any portion of Franchisee's FTTP Network including, without limitation, any spectrum capacity used for Cable Service or otherwise, to the County or any third party. Franchisee shall not be required to remove the FTTP Network or to relocate the FTTP Network as a result of revocation, expiration, termination, denial of renewal or any other action to forbid or disallow Franchisee from providing Cable Services. This provision is not intended to contravene leased access requirements under Title VI or PEG requirements set out in this Agreement.

SIGNATURE PAGE FOLLOWS

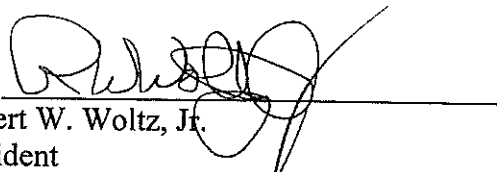
AGREED TO THIS 26 DAY OF June, 2006.


Loudoun County

By: 
Scott K. York
Chairman of the County Board of Supervisors

APPROVED AS TO LEGAL FORM


Verizon Virginia Inc.

By: 
Robert W. Woltz, Jr.
President

FORM APPROVED
Attorney 
Date 6/21/06

EXHIBITS

Exhibit A: Service Areas

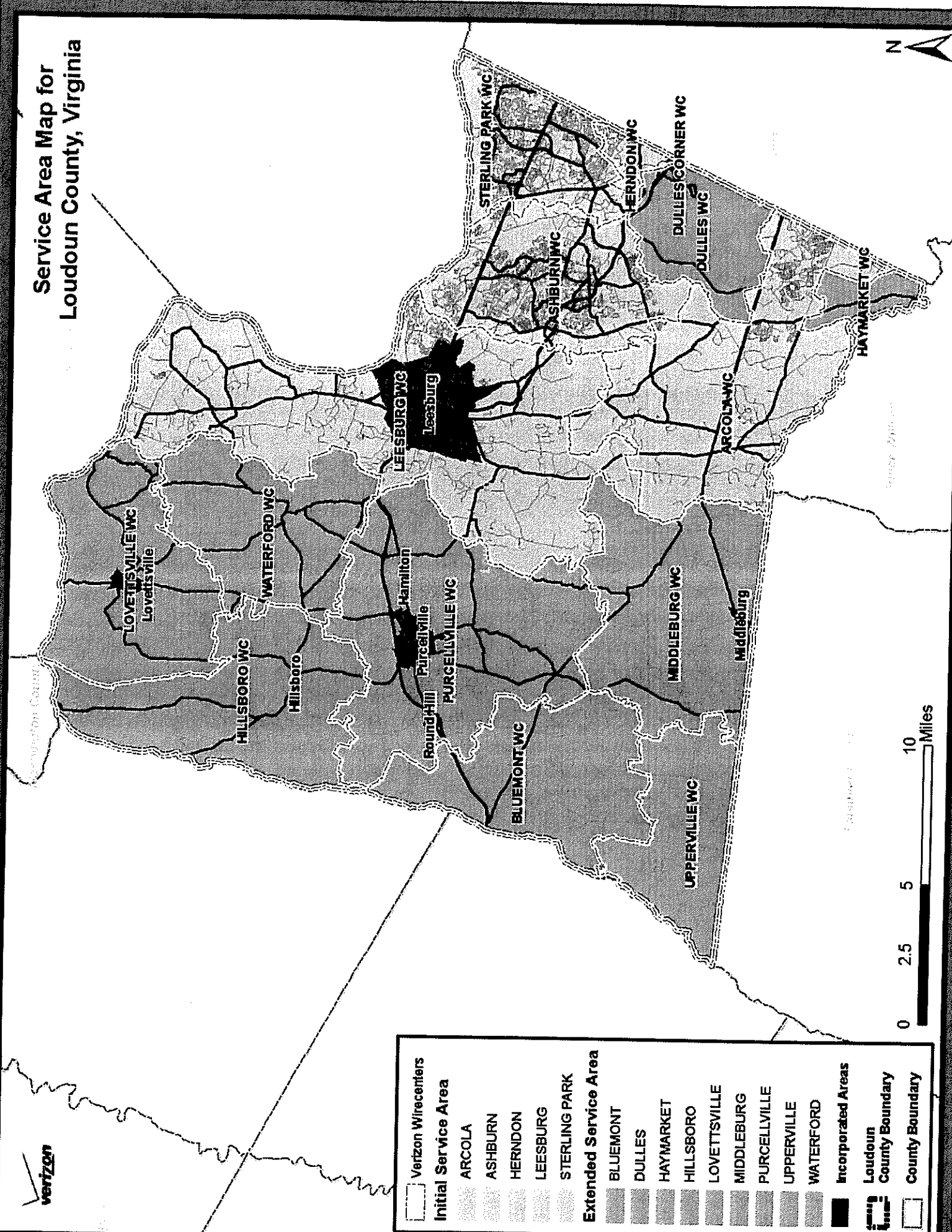
Exhibit B: County Buildings to be Provided Free Cable Service

Exhibit C: PEG Channels

Exhibit D: Customer Service Standards

EXHIBIT A
SERVICE AREAS

Service Area Map for Loudoun County, Virginia



	Verizon Wirecenters Initial Service Area
	ARCOLA
	ASHBURN
	HERNDON
	LEESBURG
	STERLING PARK
	Extended Service Area
	BLUEMONT
	DULLES
	HAYMARKET
	HILLSBORO
	LOVETTSVILLE
	MIDDLEBURG
	PURCELLVILLE
	UPPERVILLE
	WATERFORD
	Incorporated Areas
	Loudoun County Boundary
	County Boundary

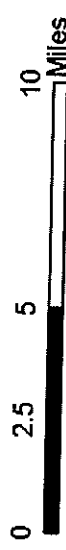


EXHIBIT B

COUNTY BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

EXHIBIT B

COUNTY BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

Location	Address	City, State, Zip
Trailview	906 Trailview Blvd.	Leesburg, VA 22075
Eastern Loudoun Library	21030 Whitfield Place	Sterling, VA 20165
Sterling Library	120 Enterprise St.	Sterling VA 20164
Rust Library	380 Old Waterford Rd	Leesburg, VA 20165
Thomas Balch	208 West Market	Leesburg, VA 20165
Ashburn Library	43316 Hay Rd	Ashburn, VA 22075
Sterling Community Center	120 Enterprise St.	Sterling VA 20165
Sterling Community Center Annex	1115 W. Church Rd	Sterling, VA 20164
Claude Moore Park	21544 Cascades Pkwy	Sterling, VA 20164
Potomac Lakes SportsPlex	20280 Cascades Pkwy	Sterling VA 20164
Bluemont Community Center	33846 Snickersville Turnpike	Bluemont VA 20135
Lucketts Community Center	42361 Lucketts Rd	Leesburg, VA 20176
Sheriffs Office	8 South Street	Leesburg, Va 22075
Jail	2 North Church St.	Leesburg, VA 20176
Sterling- Cascades	46700 Middlefield Drive	Sterling, Va 21064
Sterling - Sterling Park	104 Commerce St	Sterling, Va 21064
Leesburg VFD	61 Plaza St NE	Leesburg, VA 20176
Leesburg VFD/ST1	215 Loudoun St SW	Leesburg, VA 20175
Ashburn	20688 Ashburn Rd	Ashburn, VA 20147
Leeburg St 13	143 Catoctin Cir	Leesburg, VA
	21730 Red Rum Dr	Ashburn, VA 20147
Senior Center	21060 Whitfield Place	Sterling, VA 20165
Dulles Town Center	21100 Dulles Town Center	Sterling, VA 20165
Banshee Park	21085 The Woods Rd	Leesburg, Va 20175
Treasurer/Commissioner - Sterling	21641 Ridgetop Circle	Sterling, VA 20165
Treasurer/Commissioner - Sterling	21641 Ridgetop Circle	Sterling, VA 20165
Sheriffs Office (Ashburn Substation)	45299 Research Place, Suite 100	Ashburn, VA 0147
Sheriffs Office	39 Catoctin Circle	Leesburg, Va 22075
Young Adult	52 Sycolin Road	Leesburg, VA 20175
Sheriff	21641 Ridgetop Circle	Sterling, VA 20165
Sheriff	21641 Ridgetop Circle	Sterling, VA 20165
DIT	DIT 41975 LC PL	Leesburg
DIT	41975 Loudoun Center Place	Leesburg, VA 20175
Landfill	20939 Evergreen Mills Rd	Leesburg, VA 20176
Arcola Community Center	24244 Gum Springs Rd	Arcola, VA 20107
Arcola	24300 Gum Springs Rd	Arcola, VA 20157
South Riding Public Safety Center	43216 Defender Drive,	Chantilly VA 20152

Location	Address	City, State, Zip
Purcellville Library	220 E. Main Street	Purcellville, VA 20132
Lovettsville Library	12 North Light Street	Lovettsville, VA
Loudoun Valley Community Ctr	320 W. School St	Purcellville, VA 20132
Lovettsville Community Center	57 E. Broadway St	Lovettsville, VA
Franklin Park	17501 Franklin Park Dr	Purcellville, VA 20132
Purcellville VFD	200 N. Maple Av	Purcellville, VA 20132
Hamilton VFD	43 E Colonial Hwy	Hamilton, VA 20158
Round Hill	4 Main St	Round Hill, VA 20141
Lovettsville Fire	12837 Berlin Turnpike	Lovettsville, VA 20180
Lucketts VFD	42367 Lucketts Rd	Lucketts, VA 20176
Hamilton Rescue	71 N. Laycock St	Hamilton, VA 20158
Purcellville Rescue	211 20th St	Purcellville, 20132
Neersville Fire	11762 Harpers Ferry Rd	Purcellville, VA 20132
Aldie VFD	39459 John Mosby Hwy	Aldie, VA 20105
Middleburg Library	101 Reed Street	Middleburg, VA
Middleburg Community Center	300 W. Washington St	Middleburg, VA
Philomont Community Center	36592 Jeb Stuart Rd	Philomont Va 20131
Middleburg	910 W. Washington St	Middleburg, VA 20118
Sheriffs Office		Round Hill, VA
Sheriffs Office	Cardinal Park	Leesburg, VA 20176
DIT	41975 Loudoun Center Place	Leesburg, VA 20175
Philomont VFD	36560 Jeb Stuart Rd	Philomont, Va 20131
Young Adults	52 Sycolin Road	Leesburg, VA 20175
Animal Shelters	39820 Charlestown Pike	Waterford, Va 20197

Name	School Type	Address and Phone
HARMONY INTERMEDIATE	INTERMEDIATE	38174 W. Colonial Highway, Hamilton, VA 20158 PH: (540) 338-0800
BELMONT RIDGE MIDDLE	MIDDLE	19045 Upper Belmont Place, Leesburg, VA 20176 , PH: (703) 669-1450
BLUE RIDGE MIDDLE	MIDDLE	551 East A Street, Purcellville, VA 20132, PH: (540) 338-6820
EAGLE RIDGE MIDDLE	MIDDLE	42901 Waxpool Road, Ashburn, VA 20148 PH:(703) 779-8970
FARMWELL STATION MIDDLE	MIDDLE	44281 Gloucester Parkway, Ashburn, VA 20147 PH: (703) 771-6491
HARPER PARK MIDDLE	MIDDLE	701 Potomac Station Drive, Leesburg, VA 20176 PH: (703) 779-8860
MERCER MIDDLE SCHOOL	MIDDLE	42149 Greenstone Drive, Aldie, Virginia 20105 PH: (703) 444-8061
RIVER BEND MIDDLE	MIDDLE	46240 Algonkian Parkway, Sterling, Virginia 20165 PH: (703) 444-7574
SENECA RIDGE MIDDLE	MIDDLE	98 Seneca Ridge Drive Sterling, VA 20164 PH: (703) 444-7480

Name	School Type	Address and Phone
J. L. SIMPSON MIDDLE	MIDDLE	490 Evergreen Mill Road, SE, Leesburg, VA 20175 PH: (703) 771-6640
SMART'S MILL MIDDLE	MIDDLE	850 North King Street, Leesburg, Virginia 20176 PH: (703) 669-1480
STERLING MIDDLE	MIDDLE	201 W. Holly Avenue Sterling, VA 20164 PH: (703) 444-7490
BRIAR WOODS HIGH	HIGH	22525 Belmont Ridge Road, Ashburn, Virginia 20148 , PH: (571) 223-2344
BROAD RUN HIGH	HIGH	21670 Ashburn Road, Ashburn, VA 20147 , PH:(703) 771-6620
DOMINION HIGH	HIGH	21326 Augusta Drive, Sterling, VA 20164 PH: (703) 444-8025
FREEDOM HIGH	HIGH	25450 Riding Center Drive, South Riding, Virginia 20152 PH: (703) 444-8080
HERITAGE HIGH	HIGH	520 Evergreen Mill Road, SE, Leesburg, Virginia 20175 PH: (703) 669-1400
LOUDOUN COUNTY HIGH	HIGH	415 Dry Mill Road, SW, Leesburg, VA 20175 PH: (703) 771-6580
LOUDOUN VALLEY HIGH	HIGH	340 N.Maple Avenue Purcellville, VA 20132 PH: (540) 338-6800
PARK VIEW HIGH	HIGH	400 W. Laurel Avenue Sterling, VA 20164 PH: (703) 444-7500
POTOMAC FALLS HIGH	HIGH	46400 Algonkian Parkway, Potomac Falls, VA 20165 PH: (703) 444-7542
STONE BRIDGE HIGH	HIGH	43100 Hay Road Ashburn, VA 20147 PH: (703) 779-8900
C.S. MONROE TECHNOLOGY CENTER	HIGH	715 Childrens Center Road, SW, Leesburg, VA 20175 PH: (703) 771-6560
DOUGLASS SCHOOL	HIGH	407 E. Market Street, Leesburg, VA 20176 PH:(703) 771-6550
ALDIE ELEMENTARY	ELEMENTARY	23269 Meetinghouse Lane, Aldie, VA 20105, PH: (703) 444-7400
ALGONKIAN ELEMENTARY	ELEMENTARY	20196 Carter Court, Sterling, VA 20165, PH: (703) 444-7410
ASHBURN ELEMENTARY	ELEMENTARY	44062 Fincastle Drive, Ashburn, VA 20147, PH: (703) 771-6790
BALL'S BLUFF ELEMENTARY	ELEMENTARY	821 Battlefield Parkway, NE Leesburg, VA 20176, PH: (703) 779-8800
BANNEKER ELEMENTARY	ELEMENTARY	35231 Snake Hill Road, Middleburg, VA 20117 , PH: (703) 771-6780
BELMONT STATION ELEMENTARY	ELEMENTARY	20235 Nightwatch St., Ashburn, Virginia 20147, PH: (571) 223-1780
CATOCTIN ELEMENTARY	ELEMENTARY	311 Catoctin Circle, SW, Leesburg, VA 20175 , PH: (703) 771-6770
CEDAR LANE ELEMENTARY	ELEMENTARY	43700 Tolamac Drive, Ashburn, VA 20147, PH:(703) 771-6515
COOL SPRING ELEMENTARY	ELEMENTARY	501 Tavistock Drive, SE, Leesburg, VA 20175 PH:(703) 771-6760

Name	School Type	Address and Phone
COUNTRYSIDE ELEMENTARY	ELEMENTARY	20624 Countryside Boulevard, Sterling, VA 20165 PH: (703) 444-8050
DOMINION TRAIL ELEMENTARY	ELEMENTARY	44045 Bruceton Mills Circle, Ashburn, VA 20147 PH:(703) 779-8812
EMERICK ELEMENTARY	ELEMENTARY	440 S. Nursery Avenue, Purcellville, VA 20132 PH: (540) 338-6870
EVERGREEN MILL ELEMENTARY	ELEMENTARY	491 Evergreen Mill Road, SE Leesburg, VA 20175 PH: (703) 779-8834
FOREST GROVE ELEMENTARY	ELEMENTARY	46245 Forest Ridge Drive, Sterling, Virginia 20164 PH: (703) 444-7590
GUILFORD ELEMENTARY	ELEMENTARY	600 W. Poplar Road, Sterling, VA 20164 PH: (703) 444-7420
HAMILTON ELEMENTARY	ELEMENTARY	54 S. Kerr Street, Hamilton, VA 20158 PH: (540) 338-6880
HILLSBORO ELEMENTARY	ELEMENTARY	37110 Charles Town Pike, Purcellville, VA 20132 PH: (703) 771-6730
HILLSIDE ELEMENTARY	ELEMENTARY	43000 Ellzey Drive, Ashburn, VA 20148 PH: (703) 779-8847
HORIZON ELEMENTARY	ELEMENTARY	46665 Broadmore Drive, Sterling, VA 20165 PH: (703) 444-7402
HUTCHISON FARM ELEMENTARY	ELEMENTARY	42819 Center Street, South Riding, Virginia 20152 PH: (703) 444-8015
LEESBURG ELEMENTARY	ELEMENTARY	323 Plaza Street, NE, Leesburg, VA 20176 PH:(703) 771-6720
LEGACY ELEMENTARY	ELEMENTARY	22995 Minerva Drive, Ashburn, VA 20148 PH: (571) 252-1000 (Temp)
LINCOLN ELEMENTARY	ELEMENTARY	18048 Lincoln Road, Purcellville, VA 20132 PH: (504) 338-6860
LITTLE RIVER ELEMENTARY	ELEMENTARY	43464 Hyland Hills Street, South Riding, VA 20152 PH: (703) 444-8000
LOVETTSVILLE ELEMENTARY	ELEMENTARY	49 S. Loudoun Street, Lovettsville, VA 20180 PH: (703) 771-6700
LOWES ISLAND ELEMENTARY	ELEMENTARY	20755 Whitewater Drive, Sterling, VA 20165 PH: (703) 444-7532
LUCKETTS ELEMENTARY	ELEMENTARY	14550 James Monroe Highway, Leesburg, VA 20176 PH: (703) 771-6690
MEADOWLAND ELEMENTARY	ELEMENTARY	729 S. Sugarland Run Drive Sterling, VA 20164 PH: (703) 444-7430
MIDDLEBURG ELEMENTARY	ELEMENTARY	101 N. Madison Street, Middleburg, VA 20118 PH: (703) 771-6680
MILL RUN ELEMENTARY	ELEMENTARY	42905 Waxpool Road, Ashburn, VA 20148 PH: (703) 779-8927
MOUNTAIN VIEW ELEMENTARY	ELEMENTARY	36803 Alder School Road, Purcellville, VA 20132 PH: (540) 338-0816
NEWTON-LEE ELEMENTARY	ELEMENTARY	43335 Gloucester Parkway, Asburn, VA 20147 PH: (571) 252-1000 (Temp)
PINEBROOK ELEMENTARY	ELEMENTARY	25480 Mindful Court, Aldie, VA 20105 PH: (703) 444-8210
POTOWMACK ELEMENTARY	ELEMENTARY	46465 Esterbrook Circle, Sterling, VA 20165 PH: (703) 444-7522

Name	School Type	Address and Phone
FRANCES HAZEL REID ELEMENTARY	ELEMENTARY	800 North King Street, Leesburg, VA 20176 PH: (703) 669-1464
ROLLING RIDGE ELEMENTARY	ELEMENTARY	500 E. Frederick Drive, Sterling, VA 20164 PH: (703) 444-7440
ROUND HILL ELEMENTARY	ELEMENTARY	17115 Evening Star Dr., Round Hill, VA 20141 PH: (540) 338-6830
SANDERS CORNER ELEMENTARY	ELEMENTARY	43100 Ashburn Farm Parkway, Ashburn, VA 20147 PH: (703) 771-6610
SELDENS LANDING ELEMENTARY	ELEMENTARY	43345 Coton Commons Drive, Leesburg, Virginia 20176 PH: (703) 779-8948
STERLING ELEMENTARY	ELEMENTARY	200 W. Church Road, Sterling, VA 20164 PH: (703) 444-7450
SUGARLAND ELEMENTARY	ELEMENTARY	65 Sugarland Run Drive, Sterling, VA 20164 PH: (703) 444-7460
SULLY ELEMENTARY	ELEMENTARY	300 Circle Drive Sterling, VA 20164 PH: (703)444-7470
JOHN W. TOLBERT JR. ELEMENTARY	ELEMENTARY	691 Potomac Station Drive NE, Leesburg, VA 20176 PH: (703)779-8985
WATERFORD ELEMENTARY	ELEMENTARY	15513 Loyalty Road Waterford, VA 20194 PH:(703) 771-6660

EXHIBIT C
PEG CHANNELS

PEG Channels

The Franchisee shall carry the following PEG Channels in accordance with the terms of this Agreement:

- 1 Public Access Channel
- 1 Loudoun County Government Channel
- 1 Higher Education Channel
- 1 Channel for use by Towns in Loudoun County
- 1 Loudoun County Public Schools Channel (Reserved)
- 1 Channel reserved for future use

Note: specific channel number assignments to be provided.

EXHIBIT D

CUSTOMER SERVICE STANDARDS

CUSTOMER SERVICE STANDARDS

These standards shall, starting six months after the Service Date, apply to the Franchisee to the extent it is providing Cable Services over the Cable System in the Franchise area.

SECTION 1: DEFINITIONS

A. Customer Service Center or Local Office: In full satisfaction of all of the requirements and obligations of Sections 805.09(e) of the Cable Ordinance, and as used in 47 C.F.R. § 76.309(c)(1)(v), means that the Franchisee is providing for the pick up or drop off of equipment in one or more of the following manners: (i) by having a Franchisee representative going to the Subscriber's residence; (ii) by using a mailer; or, (iii) by establishing a local business office in the County, and is providing for the making of payments in one or more of the following manners: (i) on-line; (ii) by mail; (iii) bill payment locations located in the County; or, (iv) by establishing a local business office in the County.

B. Respond: Franchisee's investigation of a Service Interruption by receiving a Subscriber call and opening a trouble ticket, if required.

C. Service Call: The action taken by the Franchisee to correct a Service Interruption the effect of which is limited to an individual Subscriber.

D. Significant Outage: A significant outage of the Cable Service shall mean any Service Interruption lasting at least four (4) continuous hours that affects at least ten percent (10%) of the Subscribers in the Service Area.

E. Standard Installation: Installations where the subscriber is within one hundred fifty (150) feet of trunk or feeder lines.

SECTION 2: TELEPHONE AVAILABILITY

A. The Franchisee shall maintain a toll-free number to receive all calls and inquiries from Subscribers in the Franchise Area and/or residents regarding Cable Service. Franchisee representatives trained and qualified to answer questions related to Cable Service in the Service Area must be available to receive reports of Service Interruptions twenty-four (24) hours a day, seven (7) days a week, and other inquiries at least forty-five (45) hours per week. Franchisee representatives shall identify themselves by name when answering this number.

B. The Franchisee's telephone numbers shall be listed, with appropriate description (e.g. administration, customer service, billing, repair, etc.), in the directory published by the local telephone company or companies serving the Service Area, beginning with the next publication cycle after acceptance of this Franchise by the Franchisee.

C. Franchisee may use an Automated Response Unit ("ARU") or a Voice Response Unit ("VRU") to distribute calls. If a foreign language routing option is provided, and the

Subscriber does not enter an option, the menu will default to the first tier menu of English options.

After the first tier menu (not including a foreign language rollout) has run through three times, if customers do not select any option, the ARU or VRU will forward the call to a queue for a live representative. The Franchisee may reasonably substitute this requirement with another method of handling calls from customers who do not have touch-tone telephones.

D. Under Normal Operating Conditions, calls received by the Franchisee shall be answered within thirty (30) seconds. The Franchisee shall meet this standard for ninety percent (90%) of the calls it receives at all call centers receiving calls from Subscribers, as measured on a cumulative quarterly calendar basis. Measurement of this standard shall include all calls received by the Franchisee at all call centers receiving calls from Subscribers, whether they are answered by a live representative, by an automated attendant, or abandoned after 30 seconds of call waiting.

E. Under Normal Operating Conditions, callers to the Franchisee shall receive a busy signal no more than three (3%) percent of the time during any calendar quarter.

F. Upon request from the County, but in no event more than once a quarter thirty (30) days following the end of each quarter, the Franchisee shall report to the County the following for all call centers receiving calls from Subscribers except for temporary telephone numbers set up for national promotions:

(1) Percentage of calls answered within thirty (30) seconds as set forth in Subsection 2.D.

(2) Percentage of time customers received busy signal when calling the Verizon service center as set forth in Subsection 2.E.

Subject to consumer privacy requirements, underlying activity will be made available to the County for review upon reasonable request.

G. At the Franchisee's option, the measurements and reporting above may be changed from calendar quarters to billing or accounting quarters. The Franchisee shall notify the County of such a change at least thirty (30) days in advance of any implementation.

SECTION 3: INSTALLATIONS AND SERVICE APPOINTMENTS

A. All installations will be in accordance with FCC rules, including but not limited to, appropriate grounding, connection of equipment to ensure reception of Cable Service, and the provision of required consumer information and literature to adequately inform the Subscriber in the utilization of the Franchisee-supplied equipment and Cable Service. Drop wires in underground service areas that are temporarily placed above ground shall be buried within fourteen (14) calendar days of the date and time of the temporary installation, except in those situations where weather conditions make trenching impractical.

B. The Standard Installation shall be performed within seven (7) business days after the placement of the Optical Network Terminal ("ONT") on the customer's premises or within seven (7) business days after an order is placed if the ONT is already installed on the customer's premises.

The Franchisee shall meet this standard for ninety-five percent (95%) of the Standard Installations it performs, as measured on a calendar quarter basis, excluding customer requests for connection later than seven (7) days after ONT placement or later than seven (7) days after an order is placed if the ONT is already installed on the customer's premises.

C. The Franchisee shall provide the County with a report upon request from the County, but in no event more than once a quarter, thirty (30) days following the end of each quarter, noting the percentage of Standard Installations completed within the seven (7) day period, excluding those requested outside of the seven (7) day period by the Subscriber. Subject to consumer privacy requirements, underlying activity will be made available to the County for review upon reasonable request.

At the Franchisee's option, the measurements and reporting of above may be changed from calendar quarters to billing or accounting quarters. The Franchisee shall notify the County of such a change not less than thirty (30) days in advance.

D. The Franchisee will offer Subscribers "appointment window" alternatives for arrival to perform installations, Service Calls and other activities of a maximum four (4) hours scheduled time block during appropriate daylight available hours, usually beginning at 8:00 AM unless it is deemed appropriate to begin earlier by location exception. At the Franchisee's discretion, the Franchisee may offer Subscribers appointment arrival times other than these four (4) hour time blocks, if agreeable to the Subscriber. These hour restrictions do not apply to weekends.

E. Upon the customer's request, the Franchisee's service representatives will have the ability to issue service credits, at their sole discretion, to address customer complaints related to missed appointments.

F. Under Normal Operating Conditions, the Franchisee may not cancel an appointment with a customer after the close of business on the business day prior to the scheduled appointment. If the Franchisee representative is running late for an appointment with a customer and will not be able to keep the appointment as scheduled, the customer shall be contacted. The appointment shall be rescheduled, as necessary, at a time which is convenient for the customer.

G. Between the time a new customer is signed up for service and the time service is installed, he or she shall be afforded a right of rescission.

H. The Franchisee shall have a Customer Service Office or Local Office as defined in these Customer Service Standards.

SECTION 4: SERVICE INTERRUPTIONS AND OUTAGES

A. The Franchisee shall exercise commercially reasonable efforts to limit any Significant Outage for the purpose of maintaining, repairing, or constructing the Cable System. Except in an emergency or other situation necessitating a more expedited or alternative notification procedure, the Franchisee may schedule a Significant Outage for a period of more than four (4) hours during any twenty-four (24) hour period only after the County and each affected Subscriber in the Service Area have been given fifteen (15) days prior notice of the proposed Significant Outage.

B. Franchisee representatives who are capable of responding to Service Interruptions must be available to Respond twenty-four (24) hours a day, seven (7) days a week.

C. Under Normal Operating Conditions, the Franchisee must Respond to a call from a Subscriber regarding a Service Interruption or other service problems within the following time frames:

(1) Within twenty-four (24) hours, including weekends, of receiving subscriber calls respecting Service Interruptions in the Service Area.

(2) The Franchisee must begin actions to correct all other Cable Service problems the next business day after notification by the Subscriber or the County of a Cable Service problem.

D. Under Normal Operating Conditions, the Franchisee shall complete Service Calls within seventy-two (72) hours of the time Franchisee commences to Respond to the Service Interruption, not including weekends and situations where the Subscriber is not reasonably available for a Service Call to correct the Service Interruption within the seventy-two (72) hour period.

E. The Franchisee shall meet the standard in Subsection D of this Section for ninety percent (90%) of the Service Calls it completes, as measured on a quarterly basis.

F. The Franchisee shall provide the County with a report upon request from the County, but in no event more than once a quarter, within thirty (30) days following the end of each calendar quarter, noting the percentage of Service Calls completed within the seventy-two (72) hour period not including Service Calls where the Subscriber was reasonably unavailable for a Service Call within the seventy-two (72) hour period as set forth in this Section. Subject to consumer privacy requirements, underlying activity will be made available to the County for review upon reasonable request. At the Franchisee's option, the above measurements and reporting may be changed for calendar quarters to billing or accounting quarters. The Franchisee shall notify the County of such a change at least thirty (30) day in advance.

G. Under Normal Operating Conditions, the Franchisee shall provide a credit upon Subscriber request when all Channels received by that Subscriber are out of service for a period

of four (4) consecutive hours or more. The credit shall equal, at a minimum, a proportionate amount of the affected Subscriber(s) current monthly bill. In order to qualify for the credit, the Subscriber must promptly report the problem and allow the Franchisee to verify the problem if requested by the Franchisee. If Subscriber availability is required for repair, a credit will not be provided for such time, if any, that the Subscriber is not reasonably available.

H. Under Normal Operating Conditions, if a Significant Outage affects all Video Programming Cable Services for more than twenty-four (24) consecutive hours, the Franchisee shall issue an automatic credit to the affected Subscribers in the amount equal to their monthly recurring charges for the proportionate time the Cable Service was out, or a credit to the affected subscribers in the amount equal to the charge for the basic plus enhanced basic level of service for the proportionate time the Cable Service was out, whichever is technically feasible or, if both are technically feasible, as determined by Franchisee provided such determination is non-discriminatory. Such credit shall be reflected on Subscriber billing statements within the next available billing cycle following the outage.

I. With respect to service issues concerning cable services provided to County facilities, Franchisee shall Respond to all inquiries from the County within four (4) hours and shall commence necessary repairs within twenty-four (24) hours under Normal Operating Conditions. If such repairs cannot be completed within twenty-four (24) hours, the Franchisee shall notify the County in writing as to the reason(s) for the delay and provide an estimated time of repair.

J. The Franchisee shall keep maintenance crew and repair staff to meet the Franchisee's obligations under these Customer Service Standards.

SECTION 5: CUSTOMER COMPLAINTS

Under Normal Operating Conditions, the Franchisee shall investigate Subscriber complaints referred by the County within seventy-two (72) hours. The Franchisee shall notify the County of those matters that necessitate an excess of seventy-two (72) hours to resolve, but those matters must be resolved within fifteen (15) days of the initial complaint. The County may require reasonable documentation to be provided by the Franchisee to substantiate the request for additional time to resolve the problem. For purposes of this Section, "resolve" means that the Franchisee shall perform those actions, which, in the normal course of business, are necessary to investigate the Customer's complaint and advise the Customer of the results of that investigation.

SECTION 6: BILLING

A. Subscriber bills must be itemized to describe Cable Services purchased by Subscribers and related equipment charges. Bills shall clearly delineate activity during the billing period, including optional charges, rebates, credits, and aggregate late charges. Franchisee shall, without limitation as to additional line items, be allowed to itemize as separate line items, Franchise fees, taxes and/or other governmentally imposed fees. The Franchisee shall maintain records of the date and place of mailing of bills.

B. Every Subscriber with a current account balance sending payment directly to Franchisee shall be given at least twenty (20) days from the date statements are mailed to the Subscriber until the payment due date.

C. A specific due date shall be listed on the bill of every Subscriber whose account is current. Delinquent accounts may receive a bill which lists the due date as upon receipt; however, the current portion of that bill shall not be considered past due except in accordance with Subsection 6.B. above.

D. Any Subscriber who, in good faith, disputes all or part of any bill shall have the option of withholding the disputed amount without disconnect or late fee being assessed until the dispute is resolved provided that:

(1) The Subscriber pays all undisputed charges;

(2) The Subscriber provides written notification of the dispute to Franchisee within five (5) days prior to the due date; and

(3) The Subscriber cooperates in determining the accuracy and/or appropriateness of the charges in dispute.

(4) It shall be within the Franchisee's sole discretion to determine when the dispute has been resolved.

E. Under Normal Operating Conditions, the Franchisee shall initiate investigation and resolution of all billing complaints received from Subscribers within five (5) business days of receipt of the complaint. Final resolution shall not be unreasonably delayed.

F. The Franchisee shall provide a telephone number and address on the bill for Subscribers to contact the Franchisee. The County, furthermore, hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952.

G. The Franchisee shall forward a copy of any Cable Service related billing inserts or other mailing sent to Subscribers to the County upon request.

H. The Franchisee shall provide all Subscribers with the option of paying for Cable Service by check or an automatic payment option where the amount of the bill is automatically deducted from a checking account designated by the Subscriber. Franchisee may in the future, at its discretion, permit payment by using a major credit card on a preauthorized basis. Based on credit history, at the option of the Franchisee, the payment alternative may be limited.

SECTION 7: DEPOSITS, REFUNDS AND CREDITS

A. The Franchisee may require refundable deposits from Subscribers with 1) a poor credit or poor payment history, 2) who refuse to provide credit history information to the Franchisee, or 3) who rent Subscriber equipment from the Franchisee, so long as such deposits

are applied on a non-discriminatory basis. The deposit the Franchisee may charge Subscribers with poor credit or poor payment history or who refuse to provide credit information may not exceed an amount equal to an average Subscriber's monthly charge multiplied by six (6). The maximum deposit the Franchisee may charge for Subscriber equipment is the cost of the equipment which the Franchisee would need to purchase to replace the equipment rented to the Subscriber.

B. The Franchisee shall refund or credit the Subscriber for the amount of the deposit collected for equipment, which is unrelated to poor credit or poor payment history, after one year and provided the Subscriber has demonstrated good payment history during this period. The Franchisee shall pay interest on other deposits if required by law.

C. Under Normal Operating Conditions, refund checks will be issued within next available billing cycle following the resolution of the event giving rise to the refund, (e.g. equipment return and final bill payment).

D. Credits for Cable Service will be issued no later than the Subscriber's next available billing cycle, following the determination that a credit is warranted, and the credit is approved and processed. Such approval and processing shall not be unreasonably delayed.

E. Bills shall be considered paid when appropriate payment is received by the Franchisee or its authorized agent. Appropriate time considerations shall be included in the Franchisee's collection procedures to assure that payments due have been received before late notices or termination notices are sent.

SECTION 8: RATES, FEES AND CHARGES

A. The Franchisee shall not, except to the extent expressly permitted by law, impose any fee or charge for Service Calls to a Subscriber's premises to perform any repair or maintenance work related to Franchisee equipment necessary to receive Cable Service, except where such problem is caused by a negligent or wrongful act of the Subscriber (including, but not limited to a situation in which the Subscriber reconnects Franchisee equipment incorrectly) or by the failure of the Subscriber to take reasonable precautions to protect the Franchisee's equipment (for example, a dog chew).

B. The Franchisee shall provide reasonable notice to Subscribers of the possible assessment of a late fee on bills or by separate notice.

SECTION 9: DISCONNECTION /DENIAL OF SERVICE

A. The Franchisee shall not terminate Cable Service for nonpayment of a delinquent account unless the Franchisee provides a notice of the delinquency and impending termination. The notice shall be mailed to the Subscriber to whom the Cable Service is billed. The notice of delinquency and impending termination may be part of a billing statement.

B. Cable Service terminated in error must be restored without charge within twenty-four (24) hours of notice. If a Subscriber was billed for the period during which Cable Service was terminated in error, a credit shall be issued to the Subscriber if the Service Interruption was reported by the Subscriber.

C. Nothing in these standards shall limit the right of the Franchisee to deny Cable Service for non-payment of previously provided Cable Services, refusal to pay any required deposit, theft of Cable Service, damage to the Franchisee's equipment, abusive and/or threatening behavior toward the Franchisee's employees or representatives, or refusal to provide credit history information or refusal to allow the Franchisee to validate the identity, credit history and credit worthiness via an external credit agency.

D. Charges for cable service will be discontinued at the time of the requested termination of service by the subscriber, except equipment charges may be applied until equipment has been returned. No period of notice prior to requested termination of service can be required of Subscribers by the Franchisee. No charge shall be imposed upon the Subscriber for or related to total disconnection of Cable Service or for any Cable Service delivered after the effective date of the disconnect request, unless there is a delay in returning Franchisee equipment or early termination charges apply pursuant to the Subscriber's service contract. If the Subscriber fails to specify an effective date for disconnection, the Subscriber shall not be responsible for Cable Services received after the day following the date the disconnect request is received by the Franchisee. For purposes of this subsection, the term "disconnect" shall include Subscribers who elect to cease receiving Cable Service from the Franchisee and to receive Cable Service or other multi-channel video service from another Person or entity.

SECTION 10: COMMUNICATIONS WITH SUBSCRIBERS

A. All Franchisee personnel, contractors and subcontractors contacting Subscribers or potential Subscribers outside the office of the Franchisee shall wear a clearly visible identification card bearing their name and photograph. The Franchisee shall make reasonable effort to account for all identification cards at all times. In addition, all Franchisee representatives shall wear appropriate clothing while working at a Subscriber's premises. Every service vehicle of the Franchisee and its contractors or subcontractors shall be clearly identified as such to the public. Specifically, Franchisee vehicles shall have the Franchisee's logo plainly visible. The vehicles of those contractors and subcontractors working for the Franchisee shall have the contractor's / subcontractor's name plus markings (such as a magnetic door sign) indicating they are under contract to the Franchisee.

B. All contact with a Subscriber or potential Subscriber by a Person representing the Franchisee shall be conducted in a courteous manner.

C. The Franchisee shall send annual notices to all Subscribers informing them that any complaints or inquiries not satisfactorily handled by the Franchisee may be referred to the County.

D. All notices identified in this Section shall be by either:

(1) A separate document included with a billing statement or included on the portion of the monthly bill that is to be retained by the Subscriber; or

(2) A separate electronic notification

E. The Franchisee shall provide reasonable notice to Subscribers of any pricing changes or additional changes (excluding sales discounts, new products or offers) and, subject to the forgoing, any changes in Cable Services, including channel line-ups. Such notice must be given to Subscribers a minimum of thirty (30) days in advance of such changes if within the control of the Franchisee, and the Franchisee shall provide a copy of the notice to the County including how and where the notice was given to Subscribers.

F. The Franchisee shall provide information to all Subscribers about each of the following items at the time of installation of Cable Services, annually to all Subscribers, at any time upon request, and, subject to Subsection 10.E., at least thirty (30) days prior to making significant changes in the information required by this Section if within the control of the Franchisee:

(1) Products and Cable Service offered;

(2) Prices and options for Cable Services and condition of subscription to Cable Services. Prices shall include those for Cable Service options, equipment rentals, program guides, installation, downgrades, late fees and other fees charged by the Franchisee related to Cable Service;

(3) Installation and maintenance policies including, when applicable, information regarding the Subscriber's in-home wiring rights during the period Cable Service is being provided;

(4) Channel positions of Cable Services offered on the Cable System;

(5) Complaint procedures, including the name, address and telephone number of the County, but with a notice advising the Subscriber to initially contact the Franchisee about all complaints and questions;

(6) Procedures for requesting Cable Service credit;

(7) The availability of a parental control device;

(8) Franchisee practices and procedures for protecting against invasion of privacy; and

(9) The address and telephone number of the Franchisee's office to which complaints may be reported.

A copy of notices required in this Subsection 10.F. will be given to the County at least fifteen (15) days prior to distribution to subscribers if the reason for notice is due to a change that is within the control of Franchisee and as soon as possible if not with the control of Franchisee.

G. Notices of changes in rates shall indicate the Cable Services' new rates and old rates, if applicable.

H. Notices of changes of Cable Services and/or Channel locations shall include a description of the new Cable Service, the specific channel location, and the hours of operation of the Cable Service if the Cable Service is only offered on a part-time basis. In addition, should the channel location, hours of operation, or existence of other Cable Services be affected by the introduction of a new Cable Service, such information must be included in the notice.

I. Every notice of termination of Cable Service shall include the following information:

- (1) The name and address of the Subscriber whose account is delinquent;
- (2) The amount of the delinquency for all services billed;
- (3) The date by which payment is required in order to avoid termination of Cable Service; and,
- (4) The telephone number for the Franchisee where the Subscriber can receive additional information about their account and discuss the pending termination.